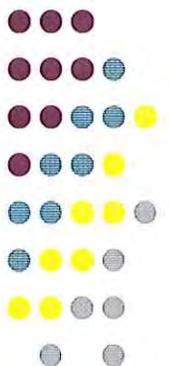


State Budget Process

Wisconsin Legislative Fiscal Bureau
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State Budget Process

Introduction

The purpose of this document is to acquaint the reader with the state biennial budget process in Wisconsin. Because the report is designed to provide a layperson's introduction to the process, a generalized explanation is provided. The use of technical details and language has been limited. Appendix I, however, provides additional information on some technical aspects of the state budget that are not discussed within the body of the paper.

Succeeding appendices provide additional budgetary material. Appendix II provides the timetable of the 2009-11 biennial budget (2009 Wisconsin Act 28). A narrative history of the 2009-11 biennial budget is provided in Appendix III. Appendix IV provides a history of the passage of biennial budget bills, beginning with the 1977-79 biennial budget. Appendix V lists the statutorily-required budget introduction dates and the actual introduction dates for the last 17 biennial budgets. Appendix VI shows, beginning with the 1977-79 biennium, the years in which some type of budget adjustment bill was considered in the even-numbered year of the biennium. Appendix VII contains four charts which are reproductions of actual sections of the final statutory appropriations schedule and language for the 2009-11 budget. Appendix VIII contains a series of tables providing summary information about the 2009-11 budget.

Revenues and expenditures -- the essence of state fiscal policy -- are among the key issues facing the Governor and the Legislature every biennium. In Wisconsin, the resolution of these issues is accomplished primarily through the state budget process. Given the Legislature's primary function of determining state policies and programs and reviewing the performance of

existing programs, the budget represents the financial expression of public policy.

A definition of the term "state budget" can vary depending upon the user and the context in which the phrase is used. However, a generally-accepted definition of the state budget is that it is the legislative document that sets the level of authorized state expenditures for a certain period of time (in Wisconsin, a fiscal biennium) and the corresponding level of revenues (particularly taxes) projected to be available to finance those expenditures. Thus, the budget is a financial balance statement for state government, dealing both with income and outgo for a two-year period. The requirement for a state budget is linked directly to the State Constitution. Article VIII, Section 2 of the Wisconsin Constitution provides that "No money shall be paid out of the treasury except in pursuance of an appropriation by law." This establishes the prerequisite for legislative appropriation of available revenues prior to any state agency being able to expend funds. The definition of the budget is supported further by a subsequent constitutional provision where the requirement for a balanced budget is specified. Section 5 of Article VIII states that:

"The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for levying a tax for the ensuing year, sufficient, with other sources of income, to pay the deficiency as well as the estimated expenses of such ensuing year."

While there are a number of facets involved in Wisconsin state budgeting, the most useful introduction to the state budget is a synopsis of the budget process itself. The material which follows presents a summary of the current biennial budget

process. While each budget cycle is somewhat different, the process outlined below is based generally on the procedures followed for the 2009-11 biennial budget and is presented as a characterization of the current process.

Submittal of Agency Budget Requests

The state budget process can be viewed as a continuous cycle, moving from submittal of agency budget requests to legislative authorization of appropriations, to agency expenditure of those appropriations, to review of agency expenditures and then, beginning again, with subsequent agency budget requests. This cyclical process illustrated in Chart 1.

The budget process begins when the State Budget Office in the Department of Administration (DOA) issues instructions to state agencies for submittal of their budget requests for the next biennium. These instructions specify the form, manner, and detail in which each state agency must submit its budget request. The issuance of these instructions usually occurs in June of each even-numbered year. In addition to detailing the budget forms and narratives that state agencies will be required to submit, these instructions include any broad fiscal policy directives that an incumbent Governor wishes agencies to follow as part of the development of their individual budget requests.

Although issuance of the State Budget Office instructions can be viewed as the beginning of the budget process, most larger agencies begin their internal processes for development of their budget requests several months prior to the issuance of these instructions. While the development of a budget request will vary depending upon the size of the agency and the complexity of its programs, the process for a larger state agency may be portrayed as follows. The department's budget personnel will develop internal budget instructions in January or February of a budget request submittal year. These instructions include internal policy

and procedure directives which reflect the preferences of the agency head. Later, when the State Budget Office instructions have been promulgated, additional information amplifying upon, or adding to, those directives may be issued by agency budget personnel.

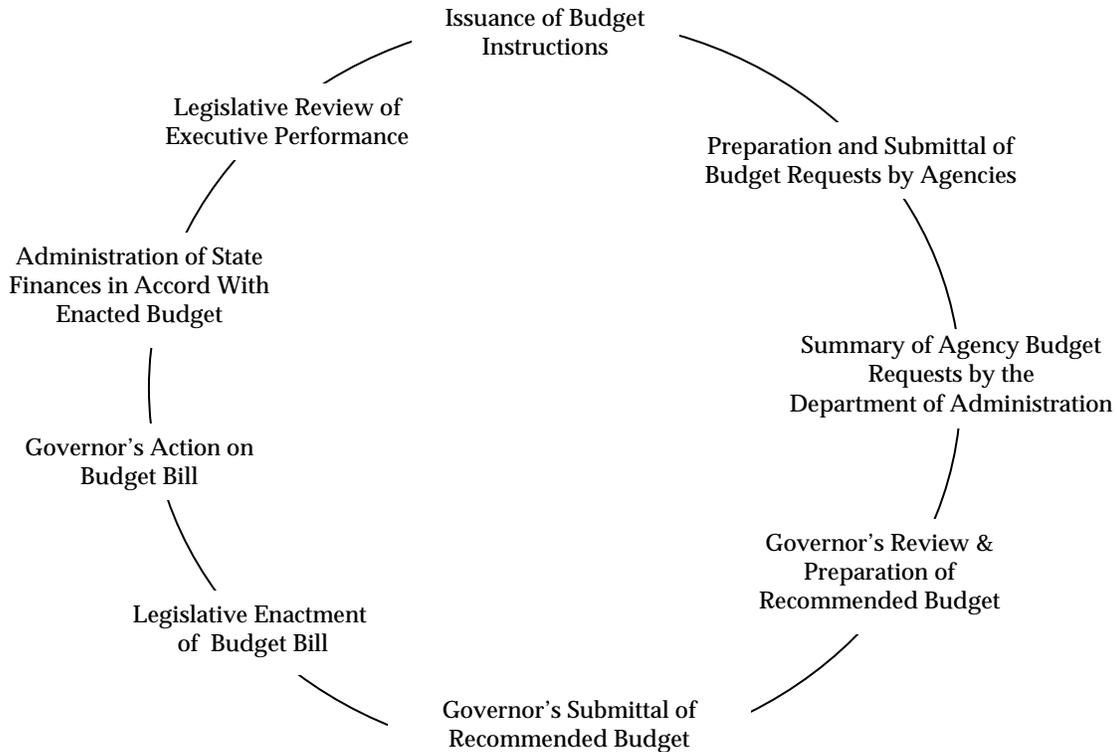
Normally, subunits of the agency (this might be separate institutions or facilities within the agency or various sections, bureaus and divisions of the department) will then be involved in providing input during the agency's budget request preparation process. The precise manner and process by which such subunits are involved will vary, even within a single agency. Further, the heads of larger departments may place more responsibility on division administrators for initial budget request development. However, subunit budget request submittals may -- regardless of the development process -- be subject to some overall limitation such as restricting the total subunit request to some percentage increase over the current level.

Depending upon the size and complexity of the agency and the approach a particular agency head chooses, a series of sublevel reviews, discussions, meetings, and resultant changes may occur prior to the overall internal agency request being finalized. In very large agencies there may be a series of sublevel reviews culminating with the individual division administrator's review of requests from subunits of the division. Or, there may be more centralized budget development at the divisional level, but with input and consultation from the sublevel entities. In such agencies, these divisional activities may be followed by reviews by the agency head, but more typically will involve another series of reviews including both division level administrators and the agency's top management.

There may be assigned budget staff at both the division level and the agency head level who are involved in an agency's internal budget review process. For those agencies headed by a part-time policy board (such as the Department of Veterans Affairs or the University of Wisconsin System), the

CHART 1

Biennial Budget Cycle



budget developed by the agency head is first submitted to that board for approval before being submitted to the State Budget Office. By statute (s. 16.42), agency budget requests are to be submitted to the State Budget Office no later than September 15 of each even-numbered year.

Upon submittal to the State Budget Office, the budget requests are initially reviewed by the budget analyst(s) responsible for that agency. Further reviews are then conducted by the Governor's budget officer (the State Budget Director), the Secretary of the DOA, and ultimately, the Governor. Although at this stage of the process the Legislature has no official role, agencies are required, by statute, to submit copies of their budget requests to the Legislative Fiscal Bureau at the same time that copies are delivered to the State Budget Office. This

is done so that the Legislature may be kept apprised of the content of agency budget requests. The Legislative Fiscal Bureau is a nonpartisan legislative service agency, which is charged with the statutory responsibility of assisting the Joint Committee on Finance and the Legislature in their deliberations on the budget. Similar to the State Budget Office, the Bureau's analysts are assigned the responsibility for review of specific state agencies' budgets.

The Secretary of the DOA is required, by statute (s. 16.43), to provide to the Governor or Governor-Elect and to each member of the next Legislature, by November 20 of each even-numbered year, a compilation of the total amount of each state agency's biennial budget request. In addition, the statutes require that the report include information

on the actual and estimated revenues for the current and forthcoming biennium. These revenue estimates are prepared by the Department of Revenue and are used by the Governor as the basis on which total general fund biennial budget spending levels are recommended.

Subsequent to the release of the November 20 report, the Legislative Fiscal Bureau publishes a summary of the major items included in state agencies' budget requests and distributes this document to each member of the Legislature. This summary is distributed in December of each even-numbered year. The Fiscal Bureau also prepares an independent estimate of general fund revenues. This is provided annually, in January, to the Legislature. Traditionally, the Bureau's revenue estimates issued in January of the odd-numbered year are incorporated into the Governor's budget submittal and are used throughout legislative budget deliberations.

Governor's Recommended Biennial Budget

After state agencies have submitted their budget proposals, the budget analysts in the State Budget Office begin their review of the requests. These reviews include checks of the technical accuracy of the request, analyses of the justifications for the requested changes, and evaluations of the policy implications of such changes.

The State Budget Director (who is an appointee of the Secretary of the Department of Administration and who also serves as the Administrator of the Division of Executive Budget and Finance) is involved in the review of agency requests and the development of the Governor's budget recommendations. Typically, there is also considerable involvement by the Secretary of the DOA (who is an appointee of the Governor), although this may vary depending on the desires of the Secretary and/or the Governor. Regardless of the specific procedures followed, the overall responsibility of

the State Budget Office is to provide such information, analyses, and recommendations as the Governor desires to allow the Governor to arrive at a recommended appropriation level for each year of the forthcoming biennium for each state agency and program.

In addition, the Governor's budget recommendations include any statutory language changes needed to accomplish policy initiatives and program or appropriation changes that are a part of the Governor's budget recommendations. For example, if it is recommended that a state agency undertake a major new program activity or, conversely, discontinue operation of an existing one, this is reflected not only in the total dollar level recommended for an agency but also in any accompanying required statutory modifications.

The Governor, in arriving at his or her budget recommendations, may elect to hold detailed briefing sessions with State Budget Office staff and/or other DOA and Executive Office (Governor's) staff, may choose to focus attention only on recommended changes to agency requests, or may choose to examine primarily major policy or dollar changes. Further, the Governor may choose to have one or more meetings with the State Budget Office staff and a particular state agency head regarding that agency's budget request and/or the tentative budget recommendations of the Governor.

In addition to a wide variety of possible internal budget briefings and hearings, the Governor may, but is not required to, hold public hearings on agency budget requests for the purpose of gathering additional information from state agencies, interested citizens, and others regarding agency budget requests.

Under state law (s. 16.45), the Governor is required to deliver the biennial budget message to the Legislature on or before the last Tuesday in January of the odd-numbered year. However, upon request of the Governor, a later submittal date may be allowed by the Legislature upon passage of a joint resolution. For the 2009-11

budget, the Governor requested, and the Legislature approved, an extension of the required submittal date from January 27, 2009, to February 17, 2009. The Governor's budget was introduced as 2009 Assembly Bill 75.

For 14 of the last 17 biennial budgets, a delayed submittal date has been requested by a Governor. Appendix V compares the statutorily-required submittal dates with the actual submittal dates for the last 17 biennial budgets. The statutes (s. 16.46) also require that, in addition to delivering the budget message, the Governor is to transmit to the Legislature the biennial state budget report, the executive budget bill or bills and suggestions for the best methods for raising any additional needed revenues.

In addition to the actual budget bill, (or bills -- see the discussion of an omnibus budget bill in Appendix I) there are a number of supporting documents which accompany the bill. The principal one is customarily referred to as the Governor's Budget Book(s), which is actually referenced in the statutes as the Governor's "Biennial State Budget Report." The budget book provides a brief description of each agency, summary fiscal information, and a listing by incremental items of the Governor's recommended changes to an agency's existing (base) budget level.

All of the budget changes requested by an agency must be shown in the Governor's Budget Book, as well as the Governor's recommended changes, although how this is to be done is not specified. In recent years, the budget book has focused on agency request items that have been recommended by the Governor and may include a brief summary of the reasons for the Governor's decision. Further, where a Governor has recommended a new budget item not requested by the agency, this item will also be summarized. Items not recommended are listed in title form only at the end of the agency summary without any accompanying discussion. Thus, the Governor's Budget Book provides an item-by-item listing of all the spending changes from an agency's base

budget level that are included in the Governor's recommended budget. In general, however, this listing is summary in nature. More detailed descriptions of the change items are usually contained in the agency budget requests.

In addition to this book, there is the Governor's budget message (delivered to the Legislature) which tends to focus on highlights of the recommended budget. The State Budget Office also produces a "Budget-in-Brief" document, which is an overview of the Governor's budget policies and the major changes recommended by the Governor.

Shortly after introduction of the executive budget bill(s), independent explanatory information on the Governor's budget is prepared by the Legislative Fiscal Bureau. It is at this point in the budget process that the Bureau begins its budget summary document. Initially, the document provides a summary of all changes to each agency's existing budget level that are being recommended by the Governor as well as all proposed statutory changes included in the Governor's budget bill. Included in the descriptive material are references to all the individual sections of the Governor's budget bill that relate to a specific budget item. This summary document is then periodically updated throughout the legislative budget process to reflect the status of the budget at various stages of the enactment process. When completed, it provides a historic tracking of budget decisions, reflecting the actions of the Governor, Joint Committee on Finance, Senate, Assembly, and partial vetoes of the Governor.

Joint Finance Review of the Governor's Recommended Budget

Budget Bill

As required by statute (s. 16.47), the Governor's budget recommendations must be incorporated into an executive budget bill(s) to be presented to

the Legislature. To accommodate this requirement, a bill draft incorporating the Governor's fiscal and statutory recommendations is prepared by the Legislative Reference Bureau. The statutes provide that immediately after delivery of the Governor's budget message, the executive budget bill(s) must be introduced, without change, into one of the two houses of the Legislature by the Joint Committee on Finance. Upon introduction, the bill or bills must be referred to that Committee for review.

The Joint Committee on Finance is a statutory Committee that consists of 16 members -- eight senators and eight representatives. Under s. 13.093(1) of the statutes, "All bills introduced in either house of the legislature for the appropriation of money, providing for revenue or relating to taxation shall be referred to the joint committee on finance before being passed." [A description of the Finance Committee and its responsibilities is detailed in a separate Legislative Fiscal Bureau informational paper entitled, "Joint Committee on Finance."]

Review of proposed legislation by a committee of the Legislature is usually the first step in the legislative processing of any proposed statutory enactment. However, the Joint Committee on Finance's review of the Governor's recommended budget is -- because of both the complexity of the document and its significance on state government operations -- the most extensive and involved review given any bill in a legislative session.

Briefings and Public Hearings

Upon issuance of the Legislative Fiscal Bureau's budget summary document, the Joint Committee on Finance begins to hold public hearings on the Governor's proposed budget.

Two distinct types of public hearings were held on the 2009-11 biennial budget. The first type, denominated as agency informational briefings, were public hearings at which representatives (agency head and other appropriate agency staff) of designated state agencies were scheduled to appear be-

fore the Joint Committee on Finance to present testimony on the Governor's budget and the effect that the budget would have on the agency and its programs. For those agencies governed by a part-time policy board or a commission, the president of the board or the chair of the commission was also asked to appear before the Committee.

The agency head was asked to provide comments on the budget for the agency as proposed by the Governor. This testimony was then followed by questions from Committee members. These agency hearings were held in Madison on March 17, 18, and 19, 2009.

The second type of hearing that was held were Committee sessions at which members from the general public were heard regarding any area of the proposed state budget that was of concern to those citizens wishing to testify. Agency representatives were asked not to testify again at these hearings. Six public hearings (between the period of March 23 and April 3) were held in municipalities around the state (Sparta, West Allis, Eau Claire, Racine, Appleton, and Cambridge).

The time period required to complete public hearings on the budget varies, depending upon the scheduled floor periods for the Legislature. When floor sessions of the Legislature are being held, the Joint Committee on Finance -- like all other committees -- is able to meet only when the respective houses are not in actual floor session. When floor sessions are not scheduled, the Finance Committee can hold budget hearings during the entire day. However, in recent years, the scheduling resolution for the Legislature has provided specified blocks of time when the Legislature will not be in floor sessions to allow the Finance Committee, as well as other committees, to meet in all-day sessions.

At the same time that the Joint Committee on Finance is involved in its review of the budget, other committees of the Legislature may also hold hearings to review portions of the Governor's budget proposal. These sessions, conducted at the discretion of the standing committee chairperson,

are intended to inform the standing committee's members of particular aspects of the budget which may impact upon the substantive interests of that particular committee. Some committees also forward recommendations to the Finance Committee regarding possible budget changes to be incorporated in the Joint Finance Committee version of the budget.

Non-Fiscal Policy Items of the Budget

Given the omnibus nature of the Wisconsin biennial budget, the recommendations of the Governor often include policy items that are non-fiscal and not related to budgetary matters. In recent biennia, the Co-chairs of the Joint Committee on Finance have identified a number of such items contained in the budgets as submitted by the Governor and removed them from consideration prior to Committee deliberations on the state's budget. Rather than address these items as part of the budget, they have instead been drafted as individual bills for introduction into the Senate and Assembly. The purpose of this action is to provide the opportunity for greater public input and detailed review of these items by the other standing committees of the Legislature. The removal of the non-fiscal policy items from the Governor's proposal is done prior to the Committee's executive sessions on the budget.

Following is an identification of the number of items deemed to be of a non-fiscal policy nature, beginning with the 1993-95 budget recommendations of the Governor.

Budget	Number of Non-Fiscal Policy Items
1993-95	110
1995-97	89
1997-99	114
1999-01	112
2001-03	150
2003-05	21
2005-07	21
2007-09	48
2009-11	45

Executive Sessions

Upon conclusion of the public hearings, the Finance Committee commences executive sessions on the Governor's recommended budget. These executive sessions represent the decision-making phase of the Committee's responsibilities. In Wisconsin, executive session meetings on the budget are open to the public; however, testimony or commentary from the public or agency officials is not taken and discussion is between Committee members, Legislative Fiscal Bureau staff, and State Budget Office staff. Occasionally, when deemed appropriate, an agency representative may be invited, with unanimous consent by Committee members, to respond to a question during an executive session.

Executive sessions on the budget generally cover a period of eight weeks. During the Committee's 2009-11 budget deliberations, 11 executive sessions were held between April 16 and May 29, 2009.

In advance of the executive sessions, the Fiscal Bureau prepares issue papers on various budget items and distributes them to the members of the Finance Committee, other legislators, and the public. The issue papers present background information and analyses, and identify policy and fiscal options for the Committee's consideration. For the Committee's 2009-11 budget deliberations, the Fiscal Bureau prepared 374 issue papers. These papers are displayed on the Bureau's website (<http://www.legis.state.wi.us/lfb/index.html>).

In addition to the issue papers, any Committee member may request that the Bureau prepare a motion to amend an agency's budget. It is these two written items -- issue papers and motions -- that the Committee works from in its executive session budget deliberations.

The Joint Committee on Finance invariably adopts a budget which contains numerous changes to the Governor's recommendations. Once all proposed changes to the budget have been considered, the Finance Committee directs the

Legislative Fiscal Bureau to work with the Legislative Reference Bureau and draft (in bill form) the Committee's recommended budget.

The form of the Committee's budget is usually as a substitute amendment to the Governor's budget bill rather than being a separately identified new bill. In addition to working on the preparation of the Committee's version of the state budget, the Legislative Fiscal Bureau at this time updates its summary of the biennial budget by itemizing each of the Committee's changes to the Governor's proposed budget on an agency-by-agency basis.

Capital Budget Requests

Long-range Building Program

There is a somewhat different initial process for development of the state biennial capital budget. The statutes (s. 13.48) require the establishment and biennial update of a long-range state building program plan. Under this requirement, each state agency (where applicable) must submit, each biennium, a six-year facilities plan for the agency. The following state agencies are the primary agencies that submit capital budget requests: Administration (primarily for state office buildings); Corrections; Educational Communications Board; Health Services; Historical Society; Military Affairs; Natural Resources; Public Instruction; State Fair Park Board; Transportation; University of Wisconsin System; and Veterans Affairs. The plan defines the facility-related needs of each agency in terms of specific projects requested and establishes a timeline for these projects over the forthcoming six years.

Agency Capital Budget Requests

Each state agency wanting to have a project included in the capital budget (state building program) portion of the 2009-11 biennial budget had to submit its capital budget request to the

Secretary of the State Building Commission (who is also the Administrator of the Division of State Facilities in DOA) by September 8, 2008. Staff to the Building Commission (employees in the Division of State Facilities) then analyzed these requests and submitted staff recommendations regarding the individual agency requests to the Secretary of DOA and the Governor.

Building Commission

The Building Commission consists of the Governor, who serves as Chair, one citizen member, appointed by and serving at the pleasure of the Governor, and three legislators from each house of the Legislature, appointed in the same manner as members of legislative standing committees. The majority and minority parties from each house must be represented.

The Commission is divided into two subcommittees: a Higher Education Subcommittee and an Administrative Affairs Subcommittee. The Higher Education Subcommittee is responsible for reviewing the capital budget requests of the University of Wisconsin System. The Administrative Affairs Subcommittee is responsible for reviewing the capital budget requests of all other state agencies. The Governor appoints the Chair and members of the two subcommittees; each subcommittee consists of three legislative members and the citizen member.

Gubernatorial and Building Commission Review of Agency Capital Budget Requests

The staff recommendations were then first reviewed by the Secretary of DOA and the Governor during January and February of 2009. In March, 2009, these recommendations were reviewed by the subcommittees of the Building Commission. The subcommittees developed recommendations which were then acted upon by the full Commission. Decisions of the full Commission became the formal recommendations for the proposed 2009-11 state building program (capital budget). Following Commission action, Division of State Facilities staff

prepared for submittal to the Legislature a summary of the projects recommended by the Commission and had drafted an amendment to the budget bill submitted by the Governor to provide the statutory enumeration of major projects and any other statutory modifications recommended by the Building Commission.

Joint Committee on Finance Review of Capital Budget

The statutes (s. 13.48) provide that those biennial recommendations of the Building Commission for the forthcoming biennium which require legislative approval shall be transmitted, in the form of draft legislation, to the Joint Committee on Finance no later than first Tuesday in April of each odd-numbered year, unless a later submittal date is requested by the Building Commission and approved by the Committee.

The building program summary, prepared by the Division of State Facilities, and the accompanying recommended statutory changes, drafted in the form of an amendment to the budget, are presented to Joint Committee on Finance. Typically, the Committee reviews these recommendations from the Building Commission in a public hearing, which is held after the recommendations have been presented to the Committee. Then, at a subsequent executive session of the Committee, actions on the capital budget are taken similar to the way the Committee acts to approve the recommended budgets for state agencies. These actions are then incorporated into the Committee's recommended biennial budget bill.

Legislative and Gubernatorial Review of the Capital Budget

Subsequent Assembly and Senate review of the budget, as recommended by the Joint Committee on Finance, covers the entire budget, including the capital budget. Similarly, once the budget is passed by the Legislature, the Governor's action (including any partial vetoes) involves the entire budget, including the capital budget provisions.

[For further information on the capital budget process, see the Legislative Fiscal Bureau Informational Paper entitled "State Building Program."]

Senate/Assembly Consideration of the Budget

The Governor's budget bill(s) is initially introduced in either the Assembly or Senate and then referred to the Joint Committee on Finance. For the 2009-11 budget, the Governor's budget bill was introduced in the Assembly and became 2009 Assembly Bill 75. Upon completion of the Finance Committee's review of the Governor's recommended budget, the bill, as recommended by the Finance Committee, returns to that house which initially referred it to the Committee. For the 2009-11 budget, all of the Committee's actions were incorporated as a substitute amendment to Assembly Bill 75, and the bill was reported to the Assembly by the Committee.

Immediately following Finance Committee action on the budget, one or both houses will schedule briefings on the budget either as a briefing for all members of the respective house or as separate briefings for the two partisan caucuses of the respective house. These briefings are usually conducted by Legislative Fiscal Bureau staff. (If only one house holds a briefing when it receives the budget, the other house will then typically hold such briefings when it receives the budget from the other house.) Then, depending upon the amount of time set aside for the respective house's consideration of the budget, the house usually moves immediately to commence party caucuses on the budget.

In contrast to the way in which recommended changes to the state budget are considered at the Finance Committee stage (where motions specifying intended changes are considered and adopted and then ultimately incorporated into a revised budget bill), any changes proposed for consideration by the full Assembly or Senate must be offered

and adopted in the form of drafted amendments to the bill. Thus, should an individual legislator be interested in -- for example -- adding or deleting two positions to an agency's recommended budget, the legislator must have an amendment drafted by the Legislative Reference Bureau increasing or decreasing the recommended budget level for the agency. This would typically be an amendment which is very short in length, perhaps only two or three lines of text.

Another legislator -- wanting to include a new program activity or delete an existing activity from the budget -- might have a lengthy amendment to modify not only the recommended dollar levels for the agency but also to add, delete, or modify the pertinent statutory language governing the program or activity. Individual legislator-initiated changes that are to be considered on the floor are offered as individual amendments to the bill. Occasionally, an entire substitute amendment (a new budget bill) will be offered by a group of legislators as an alternative to the budget under consideration.

Some of these individual amendments are ultimately offered and debated in each house. However, in some budgets, most of the considered changes are formulated and put forth by the majority caucus as a single package as a result of extensive caucus deliberations. This process involves consideration of numerous proposed changes to the budget. In some cases, the changes are advanced by individual members of the caucus and the ones for which there was sufficient caucus support are incorporated into a single caucus amendment. In other cases, proposed changes from individual members are first submitted to caucus leadership for development of a caucus package to be reviewed by the caucus membership.

The Assembly commenced action on the state budget on June 10, 2009. A total of 131 amendments to the Finance Committee's budget were offered. Two amendments were adopted. The Assembly adopted the amended budget on June 11, 2009, by a vote of 50 to 48.

The Senate commenced action on the state budget on June 15, 2009. A total of 32 amendments to the Finance Committee's budget were offered and 2 were adopted. The Senate adopted the amended budget on June 17, 2009, by a vote of 17 to 16.

Final Legislative Enactment

The two houses of the Legislature rarely pass identical versions of the budget in their first consideration. Consequently, like any other bill over which the two houses are in disagreement, if the bill is to become law it must be agreed upon in the identical form by each house.

There are several methods available for achieving resolution of differences between the two houses on bills. The traditional approach -- where there are substantial differences -- is for one house to seek a committee of conference on the bill wherein a specified number of members from each house are delegated by their respective houses to represent that house and meet as a bargaining committee with the goal of producing a report reconciling the differences. Under this procedure, a conference report is then submitted to each house as an unamendable document to be voted up or down.

However, because of the vast scope of the budget bill (encompassing all of state government) and the difficulty of limiting the items which may be addressed by a conference committee, another method that has been used from time to time has been to successively pass, between the houses, narrowing amendments dealing with only the points of difference between the respective budgets as initially recommended by the two houses. This narrowing process is then continued until all items of difference are resolved by either inclusion, exclusion, or modification.

In the 2009-11 budget, the Conference Commit-

tee began deliberations on the 183 items of difference between the houses on AB 75 on June 24. On June 25, the Conference Committee voted unanimously for approval of Conference Substitute Amendment 1 to AB 75. That same day, the Senate approved the Conference Committee report was on a vote of 17-15. On June 26, the Assembly approved the report on an 51-46 vote. The bill was enrolled on June 29, and awaited final action by the Governor.

Governor's Veto Authority

Regardless of the approach used to resolve any differences, once the differences between the houses are resolved, a final budget bill, as passed by the Legislature, is prepared for the Governor's consideration. The bill at this stage -- termed an "enrolled bill" -- is not sent to the Governor until it is called for by the Governor. This allows the Governor and the Governor's staff time to review the items in the final legislative budget bill and to consider -- in consultation with the State Budget Office, agency heads, legislators, and others -- possible partial vetoes of the bill.

Article V, Section 10, of the Wisconsin Constitution provides the Governor with the power of partial veto for any appropriation bill, including the biennial budget bill. In contrast to a "nonappropriation bill," this means that rather than having to approve accept or reject a bill in its entirety, the Governor may selectively "delete" portions of the budget bill. Thus, both language

and dollar amounts in a budget bill may be vetoed by the Governor. However, the Governor may not create a new word by rejecting individual letters in words, and may not create a new sentence by combining parts of two or more sentences.

Typically, a Governor will partially veto a number of provisions in the legislatively-enacted budget bill, although the vast majority of the bill will become law in the form as passed by the Legislature. The budget bill (less any items deleted by the Governor's partial veto) then becomes the state fiscal policy document for the next two years.

Just as with a Governor's veto of a bill in its entirety, the Legislature has a chance to review a Governor's partial vetoes and may, with a two-thirds vote by each house, enact any vetoed portion into law, notwithstanding the objections of the Governor.

On June 29, 2009, Enrolled AB 75 was presented to the Governor. He approved the bill, in part, on the same day, and had it deposited in the Office of the Secretary of State as 2009 Wisconsin Act 28. The Governor indicated in his message that he had exercised his authority to make 81 partial vetoes to the bill, as passed by the Legislature. Act 28 was published on June 29, 2009, and, except as otherwise specifically provided, became effective the following day. None of the Governor's partial vetoes were overturned by the Legislature.

Chart 2 shows a flow chart of Wisconsin's biennial budget timetable, beginning with the issuance of budget instructions until the budget bill becomes law.

CHART 2

Wisconsin's Biennial Budget Flow Chart



APPENDIX I

ADDITIONAL CONSIDERATIONS REGARDING THE STATE BUDGET

There are a number of technical items regarding the state budget in Wisconsin that are important factors in the overall budget process but which are not discussed in the main body of this paper. The purpose of this appendix is to briefly present the more important of these points under various topical areas.

Budget Period

Budgets can vary by the period of time they cover. In government, budgets generally cover either one or two years.

Biennial Budget. Wisconsin uses a biennial budget process wherein the budget act provides the funding for the ensuing two-year period. Most of the appropriations contained in the budget bill are one-year appropriations (annual appropriations) with any unused funding lapsing (reverting) to the fund or account from which the revenues were appropriated at the end of the fiscal year. However, some appropriations, although listed in annual increments, are valid for the entire two-year period (biennial appropriations) with any unused funding not lapsing until the end of the fiscal biennium. Further, other appropriations (continuing appropriations) are made available for expenditure over any number of years until funds are exhausted or the appropriation is repealed by the Legislature. A typical use of such an appropriation would be for a multi-year study or demonstration project. In other, limited cases, appropriations are made on an open-ended basis (these are termed "sum sufficient appropriations") wherein the agency may expend whatever funds are necessary to accomplish a particular statutorily-specified

program purpose. Traditional uses of sum sufficient appropriations include those for entitlement programs such as homestead property tax credits, for principal and interest payments on debt service obligations, and for the operation of the courts, Governor's office, Senate, and Assembly.

Annual Budget. Wisconsin has always adopted a biennial budget. This has continued to be the case even after the Legislature acted in 1971 (Chapter 15, Laws of 1971) to provide for regular annual sessions of the Legislature. The odd-numbered year legislative session has traditionally focused primarily on budget matters and the even-numbered year session more on consideration and disposition of other legislation.

There have, however, from time to time been proposals to change to an annual budget. Under an annual budget, the entire budget is considered anew each year. Thus, the complete budget process (from agency budget requests to legislative budget enactment) takes place each year. Congress and local governments use the annual budget process.

Upon taking office in 1987, Governor Thompson requested legislative consideration of a proposal to make a variety of statutory changes to the budget process, including providing permissive statutory authority for submission of separate annual budgets for fiscal years 1987-88 and 1988-89 as an alternative to submitting a biennial budget.

In response, the Legislature retained the statutory requirement for the submittal by the Governor of a biennial budget. However, the Legislature established a one-time requirement that the Governor submit to the Joint Committee on Finance, no later than the last Tuesday in January, 1988, a recommended annual budget bill draft or drafts in-

corporating any needed changes in appropriations or revenues for the then current biennium (1987-89). This created the necessity for submittal by the Governor of, and action by the Legislature on, a 1988-89 annual budget.

It is important to note, however, that the 1988-89 annual budget, submitted by the Governor, was not a completely new budget because appropriations for 1988-89 for most agencies had already been reviewed and approved as a result of the biennial budget (1987 Wisconsin Act 27). Therefore, the 1988-89 annual budget actually contained only selected adjustments to previously established appropriation levels and selected new policy initiatives. No action has been taken in the subsequent sessions of the Legislature to continue the annual budget provisions.

Practices in the States. Twenty states use a biennial budget approach. Four of those states actually appropriate money for a two-year period of operation and the remaining 17, including Wisconsin, appropriate for a two-year (biennial) period but allot the funds in annual (fiscal year) increments (which some view as two annual budgets). The remaining 30 states have an annual budget process.

Budget Type

Budgets can also vary by the type of budget method that is primarily used (typically distinguished by the terms either line-item budget or program budget).

Line-Item Budget. When the term "line-item budget" is used, it typically refers to either the budget bill or the back-up building blocks which are used to compile the budget document. Terming a budget a "line-item budget" is intended to characterize the way the budget is developed regarding objects of expenditure (for example, salaries, fringe benefits, rent, supplies, contractual

services and permanent property). A traditional line-item budget will both develop and appropriate funds on the basis of such categories.

Program Budget. Wisconsin's budget is termed a "program budget." This means that the structure of both the appropriations schedule and the individual appropriations is generally of a "program" nature. In Wisconsin, individual agencies are first assigned to one of several broad functional areas (such as commerce, education, or human relations and resources). Then, within a given functional area, agencies are listed in alphabetical order and all the appropriations for an agency are listed under the agency heading. Depending upon its size, an agency may be shown as having one or several programs. For each program there will generally be a lump sum appropriation listed, plus such other additional special appropriations as are considered necessary. (For a sample of the program budget appropriation structure, see Chart 6 in Appendix VII. Chart 7 in Appendix VII shows the statutory appropriation language for each of the appropriations shown in Chart 6.)

Budget Bill or Bills

Many states use a number of bills to cover the range of state agencies and programs for which appropriations are made. In these cases, each bill will relate only to certain agencies or programs or to different functional areas, or will use some other breakdown that is traditional for that state. Other states use only a small number of bills. Eighteen states, including Wisconsin, have a single budget bill encompassing all of state government. These different types of budget bills are discussed below.

Multiple Budget Bills. Thirty-two of the fifty states use multiple budgets, ranging from as few as two to four bills (11 states) to as many as 60 to over 100 bills. [One state (Arkansas) has 500 budget bills.] In states with an extremely high number of bills, there tends to be a bill for each agency or

sometimes multiple bills for large agencies. For those with only a few budget bills, there may be an omnibus operating bill, a capital budget bill, and a transportation bill.

Budget Bill or Bills in Wisconsin. The statutes (s. 16.45) call for the Governor to deliver his or her budget message to the Legislature by the last Tuesday in January and, along with that budget message, to transmit to the Legislature the biennial state budget report (Governor's budget book) and the executive budget bill(s). Following the development of program budgeting in Wisconsin in the late 1960's, governors have generally submitted, and legislatures have adopted, a comprehensive biennial budget contained in a single omnibus bill. There have been occasions in the past when a governor has chosen to submit multiple budget bills. For example, for the 1989-91 biennial budget, Governor Thompson initially submitted a total of three separate bills constituting his executive budget recommendations: a general bill; a transportation bill; and a natural resources bill. Later, a fourth proposal constituting the 1989-91 executive capital budget recommendation was submitted in draft form. Further, in the 1995-97 budget, the Governor and the Legislature agreed to deal with the transportation budget as a separate bill.

Omnibus Budget Bill. In contrast to many states and the federal government, Wisconsin (and 17 other states) uses an omnibus budget bill which, upon enactment, provides the appropriation authorization and statutory language necessary for the operation of all state agencies in the next fiscal period. There are arguments that can be advanced both for and against a single omnibus budget bill versus the use of several or many appropriation bills. However, the omnibus bill approach has been favored in Wisconsin on the basis that it encourages and enhances consideration of various competing program demands for a fixed level of resources. At each stage of the omnibus budget process, fund balance statements are determined to ensure that the total level of spending proposed to be authorized does not exceed the estimated available revenues.

Development of the New Budget

Another way in which budgets differ is in how successor budgets are developed. Three of the more frequently mentioned methods are discussed below.

Incremental Budgeting. The general budget formulation process in Wisconsin can best be termed "incremental budgeting." This means that agency budget requests for an upcoming biennium use, as a starting point, the existing budget level (the base budget). There are several technical adjustments to this base that may be required in any biennium, but the budget request instructions for the next biennial budget direct an agency to build its budget by identifying requested budget changes from its current base budget level, technically termed the agency's "adjusted base budget level." All of the budget decision items identified in agency requests and the Governor's budget book represent increments of change over the existing level of spending (the adjusted base budget).

Zero-based Budgeting. Zero-based budgeting (ZBB) enjoyed a brief popularity in the 1970s. According to the National Conference of State Legislatures, none of the 50 states are currently using a pure ZBB style of budgeting, although a few states indicate that they still may be used on occasion for selected agencies. While the application in the individual states that experimented extensively with ZBB varied, the concept in its classic form was that the next budget was to be rebuilt from zero. In other words, no existing base budget or cost to continue level was to be assumed. Rather, agencies were to restate their entire budget [both existing budget and budget changes (increments)] starting from zero. Budget request elements were to be prioritized based usually on some numerical percentage of the base budget.

Reports on the success of zero-based budgeting varied. In general, however, two of the more

frequently cited conclusions were that: (1) it was a burdensome, paper heavy process; and (2) any benefits from using this process seemed to flow more to agency management than to the ultimate budget decision-makers due to the level of detailed review required.

While Wisconsin has never used a true zero-based budgeting procedure, elements of the practice have been included as a part of the biennial budget process in past years, usually by the Governor. In recent budgets, a typical part of DOA's budget instructions required state agencies to provide an identification of where each agency would propose to reduce its base budget if a fixed percentage of each agency's budget was required to be reduced. A number of exclusions have been made, such as excluding any reductions in debt service payments or payments to local units of government. In other words, the "cut" requirement has tended to be focused on expenditures for state operations (that is, state administrative costs).

For example, the 2007-09 budget instructions required agencies with state operations administrative appropriations to submit a plan to absorb a 10% permanent base cut. According to the instruction, "this reduction should equal 10% of all non-federal, sum certain state operations administrative appropriations in an agency, excluding debt service and fuel and utilities appropriations." A similar directive is contained in the budget instructions for the 2011-13 biennium.

Performance-based Budgeting. In recent years, most budget improvement discussions have focused on agency performance measures and the use of performance-based budgeting. As with zero-based budgeting, there is no single accepted definition of what constitutes performance-based budgeting. However, in general, performance-based budgeting is a budget decision-making process that is aimed at allocating resources to an agency based on a review of the agency's goals and objectives and its corresponding planned and actual performance results. Further, the performance achievements are to be evaluated relative to the

level of measured (quantifiable) achievement by the agency in reaching program outcome goals (results). The intent is that budget decisions in the next budget cycle (and subsequent budget cycles) can then be made based on the actual agency performance in the current budget period related to stated program outcome measures. As indicated above, Wisconsin, to date, has used primarily incremental budgeting. However, 1997 Wisconsin Act 27 created a requirement that two state agencies (the Department of Transportation and the Technology for Educational Achievement Board) submit their agency budget requests for the 1999-2001 biennium on a performance-based budget basis. Further, the budget instructions for 2001-03 required that each state agency include with its budget request a minimum of two to four (based on agency size) performance measures.

For the 2003-05 budget, the budget instructions directed state agencies to update the performance measures included in their 2001-03 biennial budget submittal. This updating was to include, to the extent possible, five years of actual results under each performance measure and five years of planned future years results for those same program performance measures. At a minimum, however, the agency's budget submittal was to include past actual outcomes for the performance measures selected and planned outcomes for those measures for the forthcoming three years.

For the 2005-07 biennial budget, the budget instructions directed state agencies to update the performance measures submitted for the 2003-05 budget and to continue to report on the performance measures they identified for previous biennial budgets.

Budget instructions for the 2007-09 biennium directed agencies to report actual outcome measures for the 2004-05 and 2005-06 fiscal years and planned outcome measures for 2006-07, 2007-08, and 2008-09.

Similar to 2007-09, budget instructions for 2009-11 and 2011-13 required agencies to report actual

outcome measures for two years and indicate planned outcome measures for three years.

Budget Fiscal Periods

Budgets may also be distinguished with regard to beginning and ending dates of the individual budget year. In general, a budget covers a 12-month period (annual fiscal period) or a 24-month period (biennial fiscal period). Even though Wisconsin's budget is for a biennial period, appropriation amounts are typically set in annual increments. Each increment represents the budget allotment for the fiscal year used for financial reporting. However, the starting month for a fiscal year period can be any month of the calendar year. The concepts of a biennial budget period and fiscal years versus calendar years are discussed below.

Biennial Budget Period. The official fiscal biennium for the state runs from July 1 of one odd-numbered calendar year to June 30 of the next odd-numbered calendar year, a 24-month period. The Legislature normally has from approximately February 1 of the odd-numbered calendar year until June 30 of that same year before the then current fiscal biennium ends and a new fiscal biennium begins.

Fiscal Years vs. Calendar Years. The biennial budget period includes two annual periods or fiscal years. Most appropriations are annual appropriations and are effective for that fiscal year only. The state's fiscal year runs from July 1 of one calendar year to June 30 of the succeeding calendar

year. Thus, the 2011-13 biennial budget will involve appropriations for both fiscal year 2011-12 (July 1, 2011, thru June 30, 2012) and fiscal year 2012-13 (July 1, 2012, thru June 30, 2013). These fiscal years will be referred to as "FY 12" and "FY 13" respectively, using the ending calendar year of the overlapping years as the identifier.

The correspondence or overlap between calendar years, fiscal years, and biennial budget periods in Wisconsin is portrayed in Chart 3.

Most local governments within the state are on a fiscal year period that coincides with the calendar year except for school districts, which are on the same fiscal year as the state. The federal government is on a cycle that runs from October 1 of one calendar year to September 30 of the following calendar year. [For example, the federal fiscal year (FFY) 2012 budget will be for the period beginning on October 1, 2011, and ending on September 30, 2012.]

Procedures in Event of Lack of New Budget by Start of New Fiscal Biennium

For the federal government, and many state governments, if the current fiscal period ends without a new budget having been authorized for the succeeding fiscal period, the government is generally prohibited from making any further expenditures until a new budget is enacted. In general, the only exception permitted is if some type of temporary budget continuation resolution is approved by the legislative body to allow the gov-

Chart 3: Comparison of Budget Calendar and Fiscal Periods

Calendar Year(s)	Calendar Dates	Fiscal Year	Biennial Budget Period
2009 and 2010	July 1, 2009 to June 30, 2010	2009-10	2009-11 Biennial Budget
2010 and 2011	July 1, 2010 to June 30, 2011	2010-11	2009-11 Biennial Budget
2011 and 2012	July 1, 2011 to June 30, 2012	2011-12	2011-13 Biennial Budget
2012 and 2013	July 1, 2012 to June 30, 2013	2012-13	2011-13 Biennial Budget

ernment to continue to expend money. Wisconsin differs in this regard by having a permanent statutory provision that automatically allows for continuation of the existing budget level when this circumstance occurs.

Continuation of Authorized Appropriations.

The Wisconsin Legislature considers the appropriation levels for the forthcoming fiscal biennium during the last six months of the current fiscal biennium. In the event that a new biennial budget is not enacted by June 30 of the odd-numbered year, however, the operations of state government do not come to a halt. This is because of the continuation procedure contained in the Wisconsin Statutes (s. 20.002(1)). This provision specifies that, in the event that no new budget has been enacted by that time, the appropriation levels that were in effect for the fiscal year just ended are automatically continued for the new fiscal year (and all subsequent years) until amended or repealed by subsequent legislative enactment. Thus, in those sessions when the Legislature has not enacted a new budget by June 30, state agencies have been able to continue operations at their existing appropriation levels until a new budget is finally enacted. However, such expenditures are ultimately financed from the new appropriations once they are authorized.

Procedures for Interim Changes in the Authorized Budget

Wisconsin's biennial budget, once adopted, provides spending authority (by fiscal year) for a two-year period. The budget may be modified by: (1) separate legislation authorizing an additional appropriation or eliminating or modifying an existing appropriation; (2) a budget adjustment bill (generally in the second annual session of the Legislature) to make changes to the adopted biennial budget; and (3) the authorization of limited emergency changes to existing appropriations at the request of state agencies with the approval of the Joint Committee on Finance. These items are dis-

cussed in more detail below.

Interim Changes in Appropriation Levels.

Except for sum sufficient appropriations, the levels of funding appropriated to agency programs may not be changed during the biennium except by subsequent action of the Legislature or as supplemented by the Joint Committee on Finance.

The Legislature can pass legislation which modifies previously approved appropriation levels. Aside from this type of change, appropriation levels can be modified in only two other ways.

First, as a part of each biennial budget there are certain supplemental appropriations or accounts which represent amounts set aside to augment program appropriations. The most significant of these supplements are those for the costs of salary and fringe benefit increases, authorized in collective bargaining agreements for represented employees or in the state pay plans for non-represented state employees and for faculty and academic staff. These compensation reserve amounts are to pay for the costs in the forthcoming biennium of pay plan and collective bargaining agreements not yet adopted. A lump sum of money for such anticipated costs on a statewide basis is normally reserved in the biennial budget, rather than including financing for such costs in the individual agency program appropriations. This is because the pay plan agreements are usually not finalized until after the end of the budget process and because the specific agency-by-agency costs of such compensation changes are not known. Another example of such a supplement is for increased space rental costs in state-owned office buildings or in leased, private office space.

The other way in which an agency's appropriations can be modified is by action of the Joint Committee on Finance pursuant to ss. 13.101 or 16.515 of the statutes. Under these statutes, the Finance Committee may supplement any agency's appropriation which is insufficient because of unforeseen emergencies or is inadequate to accomplish the purpose for which it was made if

the Committee determines that: (1) an emergency exists; (2) no funds are available for such purposes; and (3) the purposes for which a supplemental appropriation is requested have been authorized or directed by the Legislature.

The Committee may also transfer funds between appropriations and programs. In this case, the Committee may make such transfers if it finds that: (1) unnecessary duplication of functions can be eliminated, more efficient and effective methods for performing the program will result, or legislative intent will be more effectively carried out; (2) legislative intent will not be changed as the result of such transfer; and (3) the purposes for which the transfer is requested have been authorized or directed by the Legislature.

Interim Changes in Authorized Positions. Although the dollars appropriated to an agency are specified by program and fund source in the budget bill, the number of authorized staff positions is not. There is, however, backup budget detail that is considered an integral part of the budget process which specifies that number. Generally, positions may only be authorized for agencies in one of three ways: (1) by the Legislature as a part of budget enactments or by other separate legislation; (2) by the Joint Committee on Finance; and (3) by the Governor for federally-funded positions. The Department of Administration reports quarterly to the Joint Committee on Finance on the total number of authorized positions for each state agency.

There are, in addition, three special exceptions provided. One exception allows the University of Wisconsin (UW) Board of Regents to unilaterally change the number of positions authorized for the UW System -- but only for positions funded from certain program revenue or federal revenue accounts. A second exception allows the UW Hospitals and Clinics Board to unilaterally change the number of positions authorized for the Board funded from program revenues. Both the UW Board of Regents and the UW Hospitals and Clinics Board are required to report quarterly to the

Department of Administration and Joint Committee on Finance on any position changes made under these two provisions. The third exception also relates to the University of Wisconsin System. This provision allows the UW Board of Regents to create or abolish academic staff or faculty positions funded from the University's GPR appropriation for general program operations of the University. The Board is required to report, by September 30 of each year, to the Department of Administration and the Joint Committee on Finance on the number of such positions created or abolished under this authority in the prior fiscal year.

Budget Adjustment Bills. As noted earlier, the Wisconsin statutes provide for a biennial budget rather than an annual budget. There is no current statutory provision for any regularly-scheduled annual budget adjustment bill to be considered by the Legislature. There was a statutory provision for the submittal by the Governor of an annual budget review bill that was in existence from 1972 until its repeal in the 1981-83 biennial budget.

Other than the fiscal emergency provision described below, there is no statutory requirement for submittal by the Governor of a budget adjustment bill. However, it is frequently the case that changes in economic conditions or unexpected developments in state or federal governmental programs will result in the need for legislation to be submitted and considered in the second annual session of the biennial Legislature. In 14 of the last 16 biennia, there has been at least one budget adjustment bill adopted (see Appendix VI). No general budget adjustment bills were considered in the 2003-05 or 2005-07 biennia.

Fiscal Emergencies Declaration. There is a statutory provision (s. 16.50) that addresses actions to be taken in the event of a shortfall in budgeted revenue collections. This provision specifies that if, subsequent to the adoption of the biennial budget, the Secretary of DOA determines that previously authorized expenditures will exceed revenues in the current or forthcoming fiscal year by less than one-half of one percent of estimated GPR appro-

priations, the Secretary may take administrative action to adjust agencies' budget allotments to withhold funds sufficient to offset the revenue shortfall.

However, if the Secretary of DOA concludes that the level of GPR appropriations will exceed the level of revenues expected to be available in the current or forthcoming fiscal year by more than 0.5% of the amount of total GPR appropriations for the respective fiscal year, the Secretary may not take any action to reduce agency spending authority. Rather, the Secretary must notify the Governor, the presiding officer of each house of the Legislature, and the Joint Committee on Finance of this fiscal emergency situation.

Following this notification, the Governor is required to submit his or her recommendations for correcting the imbalance to the Legislature. If the Legislature is not in an actual floorperiod at the time of the Secretary's notification, the Governor is required to call a special session of the Legislature to address the situation and the Governor's recommendations for dealing with the imbalance.

The latter part of this statutory provision first came into play in the 2001-02 fiscal year when a decline in state revenues required the Governor to call a special session of the Legislature to address that fiscal emergency. A bill was submitted by the Governor to address the situation and following legislative deliberation on that bill, this budget adjustment legislation was enacted as 2001 Wisconsin Act 109. This also occurred in the 2007-08 fiscal year. The Governor called the Legislature into special session, which concluded with the enactment of 2007 Wisconsin Act 226. A fiscal emergency was also addressed in 2009 with the enactment of 2009 Act 2.

Non-Budget Fiscal Bills

Special statutory provisions apply to the legisla-

tive handling of the biennial budget bill. However, there are also bills in each legislative session that propose to authorize the expenditure of money for specific limited purposes. Bills providing for the appropriation of money or affecting revenues are termed "fiscal bills" and have added requirements related to legislative consideration of such bills. These requirements are described below.

Emergency Clause Requirement. A facet used in Wisconsin to enhance the comprehensive budget approach to spending authorization is a statutory provision (s. 16.47(2)) specifying that no bill affecting state appropriations or revenues or increasing the cost of state government by an amount in excess of \$10,000 annually may be passed by either house of the Legislature until the budget bill has been passed by both houses. However, two exceptions -- referred to as emergency clause provisions -- are provided.

First, the Governor and the Joint Committee on Finance are each individually empowered to recommend for passage bills that would otherwise be in violation of this prohibition (against passage in advance of the budget bill) for consideration as "emergency bills" by the attachment of an "emergency clause." The emergency clause is a statement designating the bill for such emergency consideration. The Governor may send a letter to the house of origin indicating this intent or the Finance Committee may vote to attach such a statement to a fiscal bill. Second, the organization committee of either house is also authorized to attach a similar emergency clause -- but effective only for consideration of the bill in that respective house -- to bills that would otherwise violate the prohibition so long as such bills would not affect state finances by more than \$100,000 biennially.

Required Reference of Fiscal Bills to the Joint Committee on Finance. A separate, statutory provision (s. 16.47(1m)) requires the budget bill to be referred to the Joint Committee on Finance immediately upon introduction. The statutes also provide that certain other bills must, in addition to being referred to a substantive legislative standing

committee, be referred to the Joint Committee on Finance. The statute which governs this referral of bills, s. 13.093(1), provides as follows: "All bills introduced in either house of the legislature for the appropriation of money, providing for revenue or relating to taxation shall be referred to the joint committee on finance before being passed." In application of this provision, the following interpretations of the language of the statute have been developed.

First, "all bills introduced" means that the referral requirement applies only to bills in their original form. The referral requirement does not extend to amendments (either simple amendments or substitute amendments). Second, the phrases "for the appropriation of money" and "providing for revenue" means that the language of the bill must directly affect appropriations or revenues. The fact that a bill has a fiscal estimate (see definition below) attached is not, by itself, determinative of the requirement for referral unless the language of the bill actually affects appropriations or revenues. Third, all appropriation and revenue sources fall within the referral requirement. Fourth, the phrase "relating to taxation" is broadly construed to mean any type of tax and to include local taxes (such as property taxes) as well state taxes. Fifth, the requirement is only for referral of the bill to the Joint Committee on Finance. Thus, while a vote on the bill can be taken by the Committee, the only requirement is that the bill be referred to the Committee. Once a bill has been referred, the statutory requirement is fulfilled and the bill can be acted upon by the Committee or returned to the house which referred it to the Joint Committee on Finance. And sixth, the phrase "before being passed" means before having been adopted by both houses of the Legislature. Consequently, one house may pass a fiscal bill which meets the requirements for referral to the Committee without making the actual referral. However, it is then incumbent upon the second house to make the required statutory referral before acting upon the bill.

Fiscal Estimates. Many of the bills introduced in the Legislature each session, if enacted, will im-

pact on state and /or local government finances. While in some cases the fiscal implications of a bill will be fairly evident, for other bills that will not be the case. For example, a bill may require an agency to perform new functions but not provide any staff or funding to perform those activities. Or, a bill may impose a new tax or fee, but the bill will not typically identify the amount of revenues that will result from the proposed tax or fee. The Wisconsin Legislature was the first in the nation in recognizing the need of legislators for fiscal information in considering legislation. Thus, the requirement for a fiscal note to the bill (now termed a "fiscal estimate" in Wisconsin) was created.

The requirement for fiscal estimates on bills is established both in the statutes and in the joint rules of the Legislature. The statutory requirement [s. 13.093(2)(a)] provides as follows:

" Any bill making an appropriation, any bill increasing or decreasing existing appropriations or state or general local government fiscal liability or revenues, and any bill that modifies an existing surcharge or creates a new surcharge..., shall, before any vote is taken thereon by either house of the legislature if the bill is not referred to a standing committee, or before any public hearing is held before any standing committee or, if no public hearing is held, before any vote is taken by the committee, incorporate a reliable estimate of the anticipated change in appropriation authority or state or general local government fiscal liability or revenues under the bill, including to the extent possible a projection of such changes in future biennia."

The scope of bills which may require a fiscal estimate is considerably broader than just those bills which would meet the requirements for referral to the Joint Committee on Finance. This is because not only is a fiscal estimate required if the bill would make changes in appropriations or revenues, but also if the bill would affect state or local government general fiscal liability.

In general, fiscal estimates on bills are prepared by the state agency or agencies that would be most

affected by, or involved in, the subject matter of the legislative proposal. That agency may also be the one designated to provide an estimate of local governmental fiscal liability if it is anticipated that the bill would have a potential fiscal impact in that area. The requirement for a fiscal estimate is determined by the drafting attorney in the Legislative Reference Bureau (LRB) who prepared the bill draft. However, under the joint rules, any legislator may raise a point of order that a bill lacking a fiscal estimate should have one. If the presiding officer concurs, a request for the preparation of a fiscal estimate to the bill is made.

The request for a fiscal estimate to be prepared for a bill is sent by the LRB to the State Budget Office in the Department of Administration which then determines which agency (or agencies) is to prepare the estimate. Fiscal estimates are to be prepared within five working days of receipt of the request and, returned to the LRB. After a five day period for review of the fiscal estimate by the bill's author, the fiscal estimate is printed as an appendix to the bill and distributed in the same manner as amendments to original bills.

Appropriations

The state constitution provides that no money may be paid out of the treasury except pursuant to an appropriation by the Legislature (Article VIII, Section 2). In Wisconsin, since the 1960s, all appropriations are codified into a schedule of appropriations. This schedule is referred to as the "Chapter 20 schedule" because the listing of total appropriations is biennially published as a part of Chapter 20 of the statutes.

Appropriations Schedule. A copy of a section of the 2009-11 Chapter 20 schedule is in Chart 6 of Appendix VII. In addition to listing the appropriations and the amounts appropriated in a schedule, Chapter 20 contains specific language defining each appropriation and identifying the

purpose for which the appropriated funds may be used. An example of this language is shown in Chart 7 of Appendix VII.

The schedule of appropriations is organized in the following manner. First, state agencies and programs are organized into one of the following broad functional areas: Commerce, Education, Environmental Resources, Human Relations and Resources, General Executive Functions, Judicial, Legislative, or General Appropriations. Then, within a functional area, the agencies are generally listed alphabetically. Further, for the larger agencies, appropriations will be organized into the various program areas encompassing the agency's programmatic responsibilities. Next, appropriations are organized by fund source, starting with general purpose revenue funding, then program revenue funding and then segregated revenue funding (see the revenues section below for definitions of revenue types).

Appropriation Scope. Wisconsin has, in general, a program budget appropriations structure. In its purest application, this would mean that every appropriation would be very broad in nature and could be used in a variety of ways to accomplish the legislatively-directed program purpose. The current state appropriations schedule reflects a mixture of appropriation types. The broadest type would be those for the general program operations of a department or division. The next type might be represented by appropriations for such general programmatic efforts as state foster care and adoption services or domestic abuse grants. The narrowest type might be represented by appropriations for such specific activities as searches for birth parents and adoption record information or the conduct of compulsive gambling awareness campaigns.

Appropriations in Wisconsin, even if narrow in scope, generally do not become so narrow as to be line-item in nature, such as, for example, providing separate appropriation lines for: (1) salaries; (2) fringe benefits; (3) supplies and services; and (4) the acquisition of permanent property items. The

broadest appropriations are typically referred to as lump sum appropriations. Lump sum appropriations are described further below.

Lump Sum Appropriations. The budget act provides many appropriations on a lump sum basis. A lump sum appropriation is usually denoted in the appropriations schedule as being for "general program operations." For example, the general program operations appropriation for the Department of Regulation and Licensing is a lump sum, program revenue funded appropriation for the Department's single identified budget program of "professional regulation." This single figure (approximately \$10.4 million in 2010-11) represents the total dollar amount (except for funds provided in separate appropriations for the cost of regulating medical professions, examinations, and background checks given to license applicants) for all of the activities undertaken by the Department in connection with the licensing of 133 different non-medical occupational entities. Departmental costs that are funded from this single appropriation include: (1) salaries and fringe benefits for 100 staff located in the four divisions (Divisions of Enforcement, Professional Credentialing, Board Services, and Management Services) plus the Office of the Secretary; (2) support costs for such staff including travel, space rental and telephones; (3) the costs of forms, publications and licenses that must be provided to license applicants and holders; (4) the per diem and travel costs for members of 24 separate boards, examining boards, and affiliated credentialing boards; and (5) investigation and other legal costs associated with the enforcement activities of the agency.

While considerable supporting documentation and appropriation detail is prepared and available regarding the approved spending level for any program, the amount printed in the statutes is a lump sum amount. Further, an agency is allowed considerable flexibility, within the requirements of other general expenditure control policies, in the expenditure of that lump sum amount.

The schedule of appropriations identifies each appropriation in terms of two different characterizations: by purpose category and by type of appropriation. These are described in the following two sections.

Appropriation Purpose

A broad characterization of the purpose of any appropriation has been developed to indicate whether the appropriation is for local assistance, aids to individuals and organizations, or state operations. These "purpose" categories are defined as follows:

Local Assistance. These are appropriations for payments to be made to directly to, or on behalf of, local governmental units in Wisconsin to help pay costs which would otherwise be borne entirely by the local governments. For example, the appropriation for general equalization aids (to school districts) is classified in this category.

Aids to Individuals and Organizations. These are appropriations to allow payments to be made directly to, or on behalf of, an individual or private organization. For example, an appropriation for educational grants given directly to students would be classified in this category.

State Operations. These are appropriations to allow expenditures by state agencies for the costs of the general operations of the agency, including program administration and operation of any associated institutions or facilities. Expenditures in these cases would typically be for such items as state employee salaries and fringe benefits, supplies and contractual services, space rental, and permanent property acquisitions. For example, the appropriation for general program operations of the University of Wisconsin system provides funds for campus administrative activities as well as the instructional faculty and facilities operations.

Appropriation Type

There are four types of appropriations listed in the Chapter 20 schedule: annual, biennial, continuing, and sum sufficient. Under the category of "type" in the schedule, these are indicated respectively as A, B, C, and S. Definitions of these four types of appropriations are provided below.

Annual Appropriation (A). Under an annual appropriation, an agency may expend only up to the amount indicated in the Chapter 20 schedule for the purposes indicated. Further, such expenditures may be made only within the indicated fiscal year. Any unused funds remaining in the appropriation at the end of the fiscal year lapse (revert) back to the fund or account balance from which they were appropriated.

Biennial Appropriation (B). Under a biennial appropriation, an agency may expend up to the total amount indicated in the Chapter 20 schedule at any point during the two-year fiscal period. Although the Chapter 20 schedule contains an identification of an estimated expenditure level for each year of the biennial fiscal period, these figures are not controlling by year and expenditures are limited only by the total amount appropriated for the biennium. Any unused funds remaining in the appropriation at the end of the biennium lapse back to the fund or account balance from which they were appropriated.

Continuing Appropriation (C). Under a continuing appropriation, an agency may expend the amounts that have been made available by the Legislature at any time until the funds are exhausted or the appropriation is repealed. The actual operation of a continuing appropriation varies, however, depending upon the revenue source for the appropriation.

For a continuing appropriation funded from general purpose or segregated fund revenues, the

Legislature determines the amount that is available for expenditure by the agency. However, that amount is continuously available to the agency for expenditure and does not lapse unless the appropriation is repealed. In contrast, for a continuing appropriation funded from program revenues, the Legislature will include in the appropriations schedule an estimate of the amount of funds to be expended in a given fiscal year from the continuing appropriation. However, those amounts are not controlling and an agency may, subject to any other specific limitations (such as personnel authorizations) expend such amounts as are necessary for the particular program or activity as long as there are sufficient revenues in the account to cover the expenditures.

Sum Sufficient Appropriation (S). Under a sum sufficient appropriation, an agency may expend any amount necessary for the program subject only to any other specific program restrictions. For example, a program may be established to make payments to all individuals who meet certain eligibility requirements, but the Legislature may provide that only a specified sum of money may be paid to each eligible person. In this case, the agency would be obligated to make a payment to as many eligible persons as applied, but would be limited in the amount that could be paid to each individual. While an estimate of the amount that will be expended by the agency in each fiscal year is included in the appropriations schedule, these amounts are not controlling. An agency may spend more or less than the amount indicated. It is expected that the fund from which the sum sufficient appropriation is financed will have sufficient revenues to cover the amounts expended.

Revenues (The Source of Funding for Appropriations)

Appropriations, by definition, are established to allow for the expenditure of monies that have been collected by the state. In the Chapter 20 appropria-

tions schedule, under a column indicator denominated "source," the source of the type of revenues which support that appropriation is identified. These revenue source types are described below.

General Purpose Revenue (GPR). This revenue source represents general revenues collected by the state and available for appropriation by the Legislature for any purpose. General purpose revenues represent monies collected from state taxpayers, primarily through state sales taxes and individual and corporate income taxes. Other sources include excise taxes (liquor and tobacco), utility taxes, insurance taxes, and estate taxes. In addition, revenues which are required by statute to be collected by certain agencies but which are paid into the general fund (termed "departmental revenues" or "general purpose revenue-earned") are also a source of general purpose revenue. Once collected, all of these various sources of revenue are deposited into the state's general account (the general fund) and lose their identity as to original source.

Program Revenue (PR). This revenue source represents monies which are credited to a specific appropriation account to finance an agency or a particular program or activity within an individual agency. Generally, these are revenues collected for such things as user charges imposed as license or inspection fees, tuition, receipts from product sales, or for reimbursement for the costs of services provided by the collecting agency to another state agency, a non-state organization, or individuals.

Program Revenue - Service (PR-S). This revenue source is similar to program revenue in that it is credited to a specific appropriation to finance an agency or program within an agency. However, in this case, the revenues come not from fees charged to entities or individuals outside of state government, but rather are transferred amounts from one state agency (from any of its revenue sources) to a program revenue-service appropriation in another agency. These moneys are shown as expenditures in the appropriation of the state agency from which the moneys are

transferred and as program revenue-service funds in the appropriation of the agency to which the moneys are transferred.

Program revenue-service appropriations may also exist in an agency where a central service division or unit within the agency charges the other divisions of that agency for the services it provides to those entities. An example would be where a central mailing unit in an agency assesses other units in the agency for their respective share of the mailing unit's overall operating costs. The revenues to the mailing unit from these assessments would be paid from other appropriation sources within the agency and deposited as revenues in the PR-S appropriation used to finance the operations of the mailing unit.

Segregated Revenue (SEG). This revenue source represents monies which, by law, are credited to a specific fund other than the general fund. Revenues from the distinct (segregated) fund may be used only for the statutorily-defined purposes of the fund. For example, motor fuel taxes are revenues which are placed in the segregated, transportation fund and are designated for transportation-related purposes.

Segregated Revenue - Service (SEG-S). This revenue source is similar to segregated revenue in that it is credited to a specific fund to finance an agency or programs within an agency. Although the revenues are deposited in the designated segregated fund, there is a separate account within that fund to which those service revenues are credited and from which the segregated revenue-service appropriation makes the authorized expenditures. Within the overall segregated fund then, the revenues received and expenditures made with respect to this segregated revenue-service appropriation are tracked as a distinct account within the over-all fund balance. There are relatively few SEG-S appropriations currently and the majority of those that do exist are in the Department of Transportation.

Segregated Revenue - Local (SEG-L). This is a

revenue source which is received from a local unit of government or other source for transportation purposes and is deposited in the transportation fund. Appropriations under this designation are financed from these revenues.

Federal Revenue (FED). This revenue source represents monies received by a state agency from the federal government for a specified purpose. Federal revenues do not have a distinct separate type but rather are listed as a subset of either a program revenue account or a segregated fund, depending on where the federal revenues are deposited. For Chapter 20 purposes, these appropriations are, therefore, actually shown either as program revenue-federal or segregated revenue-federal appropriations.

Program Revenue-Federal (PR-F). This revenue source represents monies which are received by a state agency from a federal agency for specific program activities and which are deposited in a separate program revenue account of that agency created for the receipt and expenditure of such federal funds. In some cases, funds from several different federal grants may be credited to a single, general program revenue-federal account. In other cases, there may be a distinct appropriation set up exclusively for the receipt and expenditure of federal funds from a single grant source (such as funds received under a federal block grant).

Segregated Revenue-Federal (SEG-F). This revenue source represents monies which are received by a state agency from a federal agency for specific program activities and which are deposited into a segregated fund operated by that agency. In some cases, funds from several different federal grants may be credited to a single, segregated revenue-federal account while in other cases there may be a distinct appropriation set up exclusively for the receipt and expenditure of federal funds from a single grant source.

Bond Revenue (BR). This revenue source represents monies which are received by the state from the issuance of bonds (contracting of public

debt) and deposited in the capital improvement fund for expenditure by various state agencies for specified purposes. The majority of state bond revenues are used for state building, highway, and land acquisition projects. However, bond revenues are also used to finance some other state activities such as certain Department of Natural Resources environmental protection programs and the Department of Veterans Affairs home mortgage loan program.

Balanced Budget Requirement

The Wisconsin Constitution (Article VIII, Section 5) requires that "The legislature shall provide for an annual tax sufficient to defray the estimated expenses of the state for each year; and whenever the expenses of any year shall exceed the income, the legislature shall provide for levying a tax for the ensuing year, sufficient, with other sources of income, to pay the deficiency as well as the estimated expenses of such ensuing year." The first part of this constitutional provision represents the requirement that the state have a balanced budget, where estimated revenues equal or exceed estimated expenditures. This means that the Legislature must pass a budget document that meets the balanced budget requirement. Although the constitutional provision actually only applies to the Legislature, in practice, Governors have always submitted a balanced budget.

While all funds must be in balance between revenues and expenditures, one focus of decision makers in each biennium is on the general fund, the fund which is financed from general tax dollars (primarily sales and income taxes). Two components of each biennial budget act which relate to this are the estimated general fund condition statement and the requirement that each budget contain a statutory reserve balance, not otherwise available for expenditure, as a contingency fund within each fiscal year. These two concepts are discussed further below.

General Fund Condition Statement

The listing of specific appropriations in the budget identifies the approved spending levels for each agency and program. However, this list does not provide an overall state spending picture nor does it indicate the amount of revenues which have been estimated to be available to finance such spending. Consequently, a separate part of the appropriations schedule is a composite balance statement for the general fund. This balance statement is termed the "general fund condition statement."

This statement, which is included as a part of the bill and is also incorporated in each biennial edition of the statutes, indicates, by fiscal year, the amount of general fund revenues anticipated to be available from tax collections and other sources. It also shows the gross level of general fund spending approved in the budget as well as the level of expected reversions (lapses of funds due to such things as salary savings as a result of employee turnover or new projects not being undertaken as quickly as originally anticipated). The difference between the projected level of revenues for the year and net spending level represents the projected general fund balance at fiscal year-end (June 30) for each year of the biennium. Usually, in discussions during the budget process about the projected budget balance, the reference is to the projected balance level at the end of the biennium, since that represents the uncommitted amount that is available for contingencies and to meet the costs of other legislation. This projected balance will, if realized at year-end, carry forward as the opening balance for the next biennium.

Statutory Balance Requirement

In Chapter 1, Laws of 1981, a statutory provision was created establishing a requirement for a

general fund reserve (or set-aside) to be included in each biennial budget. As first created, that provision specified that no bill affecting general purpose revenues (GPR) could be enacted by the Legislature if, by adoption of the bill, the estimated general fund balance would be less than 1% of the total GPR appropriations for that fiscal biennium. As enacted, the provision was to be first effective for the 1983-85 fiscal biennium. However, due to extreme fiscal pressures existing during the 1981-83 biennium, the 1981-83 biennial budget amended the provision to lower the percentage requirement to 0.5% for the 1983-85 biennium. That lower level was adhered to in the 1983-85 biennial budget. However, the budget adjustment bill for 1983-85 (1983 Wisconsin Act 212) increased the percentage amount back to the original 1% and set aside the additional reserve amount for that biennium.

The 1% reserve requirement remained unchanged until the 1987-89 biennium, when the biennial budget act (1987 Wisconsin Act 27) provided that the reserve requirement was to be an annual reserve for each year of the biennium rather than a total reserve for the entire biennium. The result was, on a biennial basis, to reduce the reserve requirement by half because at year-end the first year reserve carries forward to be part of the second year reserve amount. The 1987 provision remained unchanged until 1995, when 1995 Wisconsin Act 27 added the requirement that the 1% be calculated based on the total of both gross GPR appropriations plus the GPR amount of funds set aside as compensation reserves.

The next change took place in the 1999-01 biennial budget when the budget, as introduced by the Governor, included a provision for the 1% reserve amount to increase by 0.1% in the second year of that biennium (2000-01) and then by an additional 0.2% each succeeding year until it reached 2.0% for fiscal year 2005-06. As passed by the Legislature, the 1999-01 biennial budget provided for a continuation of the 1.0% balance requirement for fiscal year 2000-01, but left the increases proposed for the succeeding years in place. However, the Governor partially vetoed this provision to have the 1.2%

requirement apply for fiscal year 2000-01, with the result that no statutory reserve requirement was specified for fiscal year 2001-02. A 1.4% reserve requirement was retained for fiscal year 2002-03.

The 2001-03 biennial budget, as recommended by the Governor, contained a statutory balance for 2001-02 of 1.2% even though there was no statutory reserve percentage specified for that year. The Governor's budget also contained a provision to reduce the statutory reserve amount for 2002-03 from 1.4% to 1.2%, while leaving statutory increases for future years unchanged. As passed by the Legislature, the 2001-03 budget provided a 1.2% reserve amount for 2001-02 but deleted the statutory reserve percentage specified for fiscal year 2002-03 and instead provided for a specific dollar amount of \$90,000,000. The Governor, in signing the budget bill (2001 Wisconsin Act 16), vetoed the reference to a \$90,000,000 reserve amount but used session law language elsewhere in the bill through another partial veto to reference a 1.2% statutory balance requirement for fiscal year 2002-03.

At that point, the statutory reserve provision was for a statutory balance percentage of 1.6% for fiscal year 2003-04, 1.8% for fiscal year 2004-05 and 2.0% for fiscal year 2005-06 and thereafter. The 2003-05 biennial budget, as recommended by the Governor, included a provision to delete the statutory balance percentage requirements for fiscal years 2003-04 and 2004-05 and instead provide that the balance requirements for those fiscal years would be specific dollars amounts of \$35,000,000 for fiscal year 2003-04 and \$40,000,000 for fiscal year 2004-05. The Governor also proposed session law language for a possible increase in these reserve balance amounts if certain additional medical assistance trust fund revenues materialized. In addition, the Governor's recommended budget proposed that the 2.0% balance requirement for fiscal year 2005-06 and thereafter be suspended until fiscal year 2006-07. Instead, a specific dollar reserve amount of \$75,000,000 for fiscal year 2005-06 was proposed. The 2003-05 biennial budget act (2003

Wisconsin Act 33) included these changes except for the session law language regarding a possible increase in the specified dollar amount of statutory balance reserve required.

The 2005-07 biennial budget act (2005 Act 25) amended the 2005-06 amount from \$75.0 million to \$65.0 million and the 2.0% requirement for 2006-07 to \$65.0 million. These amounts and balance requirements for other years under Act 25 are shown below.

Fiscal Year	Statutory Balance Requirement
2005-06	\$65.0 million
2006-07	65.0 million
2007-08	65.0 million
2008-09	65.0 million
2009-10 (and thereafter)	2.0%*

*2% of the sum of gross appropriations and compensation reserves.

The 2007-09 biennial budget act (2007 Act 20) amended the 2009-10 and 2010-11 amount from 2.0% of the sum of gross appropriations and compensation reserves to \$65.0 million. These amounts and balance requirements for other years under Act 20 are shown below.

Fiscal Year	Statutory Balance Requirement
2007-08	\$65.0 million
2008-09	65.0 million
2009-10	65.0 million
2010-11	65.0 million
2011-12 (and thereafter)	2.0%*

*2% of the sum of gross appropriations and compensation reserves.

The 2009-11 biennial budget act (2009 Act 28) amended the 2011-12 and 2012-13 amount from 2.0% of the sum of gross appropriations and compensation reserves to \$65.0 million. These amounts and balance requirements for other years under Act 28 are shown below.

Fiscal Year	Statutory Balance Requirement
2009-10	\$65.0 million
2010-11	65.0 million
2011-12	65.0 million
2012-13	65.0 million
2013-14 (and thereafter)	2.0%*

*2% of the sum of gross appropriations and compensation reserves.

Budget Overviews

At the beginning of each legislative session, work on establishment of the biennial budget for the next fiscal biennium is a primary focus of the Governor and Legislature. As these deliberations ensue, it is often helpful to start with some overview of the budget.

One way of providing a budget overview is to look at the budget in terms of the purpose of the expenditures [comparing dollars allocated for state administrative activities (state operations) versus dollars allocated for local governmental costs (local assistance) or providing direct assistance to private citizens or groups (aids to individuals and organizations)]. Another way is to examine the budget in terms of major functional activities. A third way of gaining a budget overview is to examine the budget in terms of major budget programs. A fourth way is to look at the budget in terms of which agencies receive the largest amount of total funding. An introduction to the general fund portion of the 2009-11 state budget is provided below in terms of a budget overview by purpose, by function, by major budget programs and by state agencies receiving the largest proportion of state budget funding.

Budget Overview by Functional Categories. Another measure of where the budgeted funds go is to look at the broad functional categories into

which the state appropriations schedule is divided. These functional categories are: (1) education; (2) human relations and resources; (3) shared revenue and tax relief; (4) environmental resources; (5) general executive functions; (6) judicial; (7) legislative; (8) commerce; and (9) general appropriations and compensation reserves. On a broad functional basis, half (49.7%) of the total GPR budget was allocated to the education function. Just two functional areas (education and human relations and resources) accounted for more than three-fourths (75.5%) of the total GPR budget. Table 9 in Appendix VIII provides more details on this type of categorization of the budget.

Budget Overview by Purpose Categories. Table 10 in Appendix VIII shows the 2009-11 total GPR budget by purpose categories. That table reveals that a quarter (26.2%) of the total GPR budget went to state operations purposes (generally, state agency central administrative costs plus the costs of running state institutions and facilities). Moreover, more than half (57.0%) of the total GPR funding for state operations went for just two agencies, the Department of Corrections and the University of Wisconsin System (see Table 11 in Appendix VIII). Further, more than three-fourths of all GPR funded positions were located in those two agencies (see Table 13 in Appendix VIII for more details).

In contrast, more than half (56.0%) of the total GPR budget was for assistance to local units of governments. Further, more than two-thirds (67.6%) of those local assistance funds were for elementary and secondary school aids and 90.2% of local assistance funding went to just three programs: elementary and secondary school aids, shared revenue payments and school levy/first dollar tax credits (see Table 11 in Appendix VIII).

The remaining portion (17.8%) of the total GPR budget was for aids to individuals and organizations. However, 48.0% of this total category went to just one program, medical assistance.

Budget Overview by Major Programs. A frequently-used budget overview is to cite the top five or top 10 programs funded in the budget, based on percentage of the total GPR budget that is allocated to each program. Table 12 in Appendix VIII lists the top 10 GPR-funded programs in the

2009-11 state budget. Just three major programs (elementary and secondary school aids, medical assistance and the University of Wisconsin System operations) account for 54.2% of the total 2009-11 GPR budget. The top 10 identified programs were allocated 81.7% of the total GPR budget.

APPENDIX II

BRIEF CHRONOLOGY OF THE 2009-11 BUDGET

GOVERNOR/ADMINISTRATION

- June 25, 2008 Department of Administration issued major budget policies.
- July 7 Department of Administration issued technical budget instructions.
- August 21 Department of Administration released list of agencies subject to base budget review.
- September 15 Agency deadline for submission of budget requests.
- November 20 Executive Budget Office submitted a compilation of agency budget requests and a Department of Revenue estimate of tax revenues.
- February 17, 2009 Governor Doyle delivered budget message and recommendations to the Legislature.
- April 7 Recommendations of the State Building Commission for the capital budget and state building program submitted to the Joint Committee on Finance.

JOINT COMMITTEE ON FINANCE

- January 29 Legislative Fiscal Bureau releases general fund expenditure and revenue projections.
- February 11 Legislative Fiscal Bureau releases revision to January 29, 2009, projections due to decreases in estimated tax collections because of an increase in the federal excise tax on cigarette and tobacco products.
- February 17 Introduced the executive budget bill as 2009 Assembly Bill 75.
- March 17, 18, 19 Budget bill briefings by agency officials.
- March 23-April 3 Public hearings (Sparta, West Allis, Eau Claire, Racine, Appleton, and Cambridge).
- April 7 Received recommendations of the State Building Commission for the capital budget and authorized state building program.
- April 7 Nonfiscal policy items removed from budget bill.
- April 16-May 28 Executive sessions.
- May 28 Adopted Assembly Substitute Amendment 1 (ASA 1) to AB 75 and considered the bill for passage on a 12-4 vote.
- June 8 ASA 1 to AB 75, as recommended by the Joint Committee on Finance, reported to the Assembly.

LEGISLATURE

- June 11 Assembly adopted Assembly Substitute Amendment 1 to AB 75 and passed the bill, as amended, on a vote of 50-48.
- June 15 Senate introduced Senate Substitute Amendment to Assembly Bill 75 (Joint Committee on Finance version).
- June 17 Senate adopted Senate Substitute Amendment 1 to AB 75 and passed the bill, as amended, on a vote of 17-16.
- June 24 Conference Committee deliberations began.
- June 25 Conference Committee reported Conference Amendment 1 to SSA 1 on a vote of 4-2.
- June 25 Senate passed 2009 Assembly Bill 75, as amended by Conference Amendment 1 to SSA 1, by a vote of 17-15.
- June 26 Assembly passed 2009 Assembly Bill 75, as amended by Conference Amendment 1 to SSA 1, by a vote of 51-46.

ENACTMENT

- June 29 Enrolled AB 75 presented to Governor
- June 29 Governor approved bill, with partial vetoes, as 2009 Wisconsin Act 28.
- June 29 Act 28 published.
- June 30 Act 28 became generally effective.

APPENDIX III

HISTORY OF THE 2009-11 BIENNIAL BUDGET

This section provides a narrative history of the 2009-11 biennial budget. Although the formal legislative history of the biennial state budget commenced with the introduction of a bill comprising the Governor's budget recommendations, the actual process of assembling the budget began several months prior to its introduction. This history starts at that point.

On June 25, 2008, the Department of Administration (DOA) released the Governor's major budget policies. On July 7, 2008, the technical budget instructions were issued for each state agency to follow in preparing their 2009-11 biennial budget requests. Included in these policy directives were instructions that state agencies prepare their 2009-11 biennial budget requests based on 100 percent of their fiscal year 2008-09 adjusted base. In addition, agencies were to assume zero growth in overall state general purpose revenue (GPR) appropriations, except for K-12 school aids, required cost-to-continue needs for the state's institutions (in the Department of Corrections and the Department of Health Services), the Department of Children and Families' Division of Prevention and Permanence, the Department of Workforce Development's Division of Vocational Rehabilitation, the University of Wisconsin System instruction and research activities that are focused on economic growth, and housekeeping adjustments like standard budget adjustments, fuel and utilities, and debt service. This directive also

- Agriculture, Trade and Consumer Protection
- Board for People with Developmental Disabilities
- Commerce
- Employee Trust Funds
- Financial Institutions
- Government Accountability Board
- Governor
- Judicial Council
- Justice
- Legislature
- Lieutenant Governor

applied to segregated (SEG) funded administrative operations appropriations in all agencies that are supported by the transportation fund, the conversation fund, the environmental fund, and the lottery fund. Funding requests for other types of appropriations and funding sources in both years were to be limited to revenue availability and prioritized. Except for standard budget adjustments, routine budget items were to be handled in agencies' base budgets regardless of fund source. Consistent with the overall targets set forth, agencies were to limit requests to spending items associated with significant policy and operational changes.

Agencies with state operations, administrative appropriations, including the administrative activities of the University of Wisconsin, we directed to prepare plans to absorb a ten percent permanent base cut of all non-FED sum certain state operations administrative appropriations, excluding debt service and fuel and utilities appropriations. Base budget reduction plans were to be submitted by November 17, 2008.

Beginning in the 2003-05 biennium, one-third of all state agencies are required by statute to complete a base budget review. On August 21, 2008, the Department of Administration released the list of agencies to complete a base budget review as part of the 2009-11 biennial budget process. These agencies were:

- Military Affairs
- Natural Resources
- Office of State Employment Relations
- Public Instruction
- Regulation and Licensing
- Revenue
- State Fair Park Board
- Tourism
- Veterans Affairs
- Wisconsin Technical College System
- Workforce Development

By statute, executive branch agencies are required to submit their formal budget requests to the Department of Administration and the Legislative Fiscal Bureau by September 15, 2008. The Division of Executive Budget and Finance (within DOA) began reviewing agency funding requests as they were submitted. On November 20, 2008, as required by statute, the Division distributed to Governor James E. Doyle, Jr., and the Legislature, a compilation of state agencies' 2009-11 biennial budget requests. This summary indicated that agencies were seeking total 2009-11 funding of \$63.01 billion (all funds), of which \$31.43 billion was requested from general purpose revenue. Also included in the summary was the statutorily required estimate of tax revenues for fiscal year 2008-09 and the 2009-11 biennium, as developed by the Department of Revenue. Total general fund tax collections for the 2009-11 biennium were projected at \$25.04 billion.

Every January, the Legislative Fiscal Bureau prepares general fund expenditure and revenue projections for the Legislature as it begins to consider the state's budget and other legislation. Based on updated tax collection data and other information, on January 29, 2009, the Bureau estimated that the state's general fund would realize a total of \$342.4 million less in tax collections for the period from 2008-09 through 2010-11 than was reflected in the administration's November 20 report. The primary reason for the \$342.4 million reduction was due to lower corporate income tax collections of \$322.3 million over the three-year period.

On February 11, 2009, the Legislative Fiscal Bureau released a memorandum on the impact of the State Children's Health Insurance Program (SCHIP) legislation that had been recently signed by President Obama. In addition to providing additional revenues to support Wisconsin's BadgerCare Plus program, the legislation significantly raised federal excise taxes on cigarettes and tobacco products. The memorandum indicated that these tax increases were likely to lead to decreased purchases of these

products and reduced revenues from state excise taxes on tobacco. The revised estimate due to decreased state tax revenues and tribal refunds was a loss to the general fund of \$56.3 million through June 30, 2011 (-\$6.4 million in 2008-09, -\$25.1 million in 2009-10, and -\$24.8 million in 2010-11).

The Joint Committee on Finance, at the request of Governor James E. Doyle, introduced Senate Bill 62 (SB 62), on February 17, 2009, to address expected revenue shortfalls for 2008-09, and the 2009-11 biennium. The Joint Committee on Finance held an executive session on February 17, 2009. The Committee adopted Senate Amendment 1 to SB 62 by a vote of 16-0. The Committee recommended passage, as amended, by a vote of 12-4.

The Senate took action on SB 62, as amended by Senate Amendment 1, on February 18, 2009. Senate Amendment 1 was adopted, the bill was read a third time and passed by a vote of 18 Ayes to 15 Noes. The bill was ordered immediately messaged to the Assembly. During the Assembly's deliberations, 50 amendments to SB 62 were offered. The Assembly failed to adopt any amendments. On February 18, 2009, the Assembly voted concurrence by a vote of 51 Ayes to 48 Noes. The legislation was approved by the Governor on February 19, 2009, and published on March 5, 2009, as 2009 Wisconsin Act 2.

By statute, the Governor is required to submit the budget message and the executive budget bill (or bills) to the Legislature on or before the last Tuesday in January of each odd-numbered year unless a different date is authorized by the Legislature. Under Senate Amendment 1 to 2009 Senate Joint Resolution 1, adopted by the Senate on January 5, 2009, and concurred in by the Assembly on the same day, the deadline for the submission of the Governor's budget message and the executive budget bill (or bills) was extended, at the request of the Governor, to February 10, 2009. On February 5, 2009, the Governor requested a second extension, pursuant to s. 16.45, that he be allowed to deliver his budget message and executive budget bill (or bills) on February 17, 2009. Under Senate Joint Reso-

lution 8, adopted by the Senate on February 10, 2009, and concurred in by the Assembly on the same day, the deadline was extended to February 17, 2009. Governor Doyle officially delivered his 2009-11 biennial budget message and recommendations to a joint convention of the Legislature on February 17, 2009.

On February 17, 2009, the Joint Committee on Finance, at the request of the Governor, introduced the biennial budget bill in the Assembly. The bill, formally introduced as Assembly Bill 75 (AB 75) was read for the first time and referred to the Joint Committee on Finance. The recommendations of the State Building Commission constituting the capital budget and the state building programs were submitted to the Joint Committee on Finance on April 7. These recommendations were taken up by the Joint Committee on Finance as modifications to the budget bill.

On February 17, reports were requested from the Joint Survey Committee on Retirement Systems and the Joint Survey Committee on Tax Exemptions on the provisions of AB 75. On June 3, 2009, the Joint Survey Committee on Tax Exemptions and the Joint Survey Committee on Retirement Systems submitted reports to the Legislature addressing provisions in AB 75. The Joint Survey Committee on Tax Exemption report addressing provisions in AB 75 that affect existing statutes or create new statutes relating to the exemption of property or persons from state or local taxes. The provisions included: (a) updates to the internal revenue code; (b) changes to tax statutes related to capital gains exclusion; (c) domestic production activities; (d) sales and use tax on towing and hauling of motor vehicles; (e) oil company profits tax; (f) capital gain reinvestment in new business ventures; (g) sales and use tax exemption for youth sports; (h) sales and use tax exemptions for biotechnology and manufacturing research; (i) property tax exemptions for research machinery and equipment; (j) personal property tax exemption for research property; (k) sales and use tax exemption for Native American purchasers; (l) modifications to premier resort area tax; (m) regional transit authorities; (n) Wisconsin Quality Home Care Authority; and (o)

sales tax definition of manufacturing. The Joint Survey Committee on Tax Exemptions found that, while there were no questions of legality involved in the provisions, a constitutional concern may exist concerning the provisions relating to the oil company profits tax. The report indicated that these provisions of the bill were good public policy.

The report submitted by the Joint Survey Committee on Retirement Systems addressed the following provisions included in Assembly Bill 75: (a) retirement eligibility for educational support personnel; (b) early retirement creditable service for certain part-time employees; and (c) domestic partner retirement benefits. The Joint Survey Committee on Retirement Systems indicated that these provision were good public policy.

The Joint Committee on Finance held agency informational briefings on the biennial budget bill on March 17, 18, and 19. During these briefings, agency representatives testified before the Committee on the executive budget recommendations affecting their respective agencies. The agencies selected to appear before the Committee included: Department of Administration, Department of Natural Resources, Supreme Court, University of Wisconsin System, Department of Justice, Government Accountability Board, Department of Health Services, Department of Children and Families, Department of Workforce Development, Department of Revenue, Department of Commerce, Department of Transportation, Department of Agriculture, Trade and Consumer Protection, Department of Corrections, Department of Public Instruction, Wisconsin Technical College System, and the Higher Educational Aids Board.

The Joint Committee on Finance held six public hearings on the biennial budget bill to solicit public testimony on the proposals. Public hearings were held in Sparta on March 23, West Allis on March 25, Eau Claire on March 27, Racine on March 30, Appleton on April 1, and Cambridge on April 3. The Chairs of the Committee also conducted a listening session on the budget in Ashland on March 28. In addition, the Committee held an informational brief-

ing on April 29 by Department of Administration staff on the 2009-11 building program.

On April 7, 2009, Senator Mark Miller (D-Madison), the Senate Chair of the Joint Committee on Finance, and Representative Mark Pocan (D-Madison), the Assembly Chair of the Joint Committee on Finance, issued a memorandum identifying a total of 45 non-fiscal policy items in AB 75 that would not be addressed as part of the Joint Committee on Finance's budget deliberations.

The Joint Committee on Finance held a total of 11 executive sessions on the biennial budget bill. The first executive session was held on April 16, and the last was held on May 28. At the Committee's final executive session (May 28), the Committee adopted a substitute amendment (ASA 1 to AB 75) incorporating all of its previous actions modifying the biennial budget. The vote to recommend AB 75 for passage, as amended, received 12 Aye and 4 Nay votes. The Committee's version of the budget bill, ASA 1 to AB 75, was formally reported to the Assembly on June 8, 2009.

On June 5, 2009, Senators Miller and Decker, and Representatives Pocan and Sheridan, introduced 2009 Senate Bill 232 (SB 232). SB 232 provisions increased the amount of federal American Recovery and Reinvestment Act (ARRA) moneys used for the June, 2009, general school aids payment by \$261,278,000. The amount of funding the Department of Public Instruction (DPI) was required to lapse from the GPR general school aids appropriation was increased by an equal amount. In order to utilize these ARRA funds in 2008-09, SB 232 needed to be signed into law prior to the payment of the June installment of 2008-09 school aids on June 15, 2009. On June 9, the Joint Committee on Finance unanimously passed SB 232. That same day, the Senate meet in extraordinary session to consider the bill. By a vote of 18 Ayes to 15 Noes, SB 232 was passed and immediately messaged to the Assembly. The Assembly concurred with the Senate on June 11, 2009, by a vote of 76 Ayes to 22 Noes. The bill was enrolled and presented to the Governor on June 11, 2009. The Governor approved the bill on June 11,

2009, and had it deposited to the Office of the Secretary of State as 2009 Wisconsin Act 23. The act was published on June 12, 2009.

The Assembly began consideration of the 2009-11 state budget on June 10, 2009. During the Assembly's deliberations, 153 amendments to ASA 1 were offered (131 amendments to ASA 1 and 22 amendments to AA 122 to ASA 1). Two Assembly amendments were adopted – AA 15 to Assembly Amendment 122 and AA 122, as amended, to ASA 1. On June 11, 2009, the Assembly substitute amendment (ASA 1), as amended, was adopted and the bill, as amended, was passed on a vote of 50-48. The bill was ordered immediately messaged to the Senate.

The Senate began consideration of the 2009-11 state budget on June 15, 2009, by introducing Senate substitute amendment 1 (the version of the budget bill that was adopted by the Joint Committee on Finance). Senate deliberations of their substitute amendment began on June 17, 2009. A total of 32 amendments to the Senate substitute amendment (SSA 1) were offered. Two Senate amendments were adopted -- Senate Amendment 1 to SSA 1 and Senate Amendment 17 to Senate Substitute Amendment 1 were adopted. The Senate substitute amendment (SSA 1), as amended, was adopted and the bill, as amended, passed on a vote of 17-16.

Both during and after the Assembly and Senate deliberations on the budget, the Legislative Fiscal Bureau conducted briefings with the caucuses in both houses on the major provisions of the various versions of the budget, including those proposed by the Governor, the Joint Committee on Finance, Assembly, and Senate.

On June 24, 2009, pursuant to Joint Rule 3, the Senate requested a Committee of Conference and appointed Senators Decker (D-Schofield), Miller (D-Madison), and S. Fitzgerald (R-Juneau) as conferees. The Assembly agreed to the Committee of Conference and appointed Representatives Sheridan (D-Janesville), Hubler (D-Rice Lake), and J. Fitzgerald (R-Horicon) as conferees. Senator Decker and Rep-

representative Sheridan served as Co-chairs of the Conference Committee.

The Conference Committee met on June 24 and 25. The Conference Committee approved, by a vote of 4-2, Conference Amendment 1 to Senate Substitute Amendment 1 on June 25, 2009. That same day the Senate adopted the Conference Amendment, by a vote of 17-15. On June 26, 2009, the Assembly concurred with the Senate on a 51-46 vote.

The bill was enrolled and presented to the Governor on June 29, 2009. He approved the bill, in part, on June 29 and had it deposited to the Office of the Secretary of State as 2009 Wisconsin Act 28. The Governor indicated in his message to the Legislature that he had exercised his authority to make 81 partial vetoes to the bill, as passed by the Legislature. Act 28 was published on June 29, and except as otherwise specifically provided, became effective the following day.

On June 30, 2009, the Legislative Fiscal Bureau sent a memorandum to the Legislature regarding a gubernatorial veto identified as D-4 (page 34) in the Governor's veto message. The subject of the partial veto was "ICF-MR Preservation Study." The Governor's veto, by striking words from each of three sentences, created a new sentence. It was determined that this veto was not within the Governor's veto authority pursuant to Article V, Section 10, of the Wisconsin Constitution. Art. V, Sec. 10(1)(c) states: "In approving an appropriation bill in part, the Governor may not create a new word by rejecting individual letters in the words of an enrolled bill, and may not create a new sentence by combining parts of 2 or more sentences of the enrolled bill." Following the veto, the Joint Committee on Legislative Organization directed the Legislative Reference Bureau to publish a supplement to Act 28 which displays the provision as shown in the enrolled bill, rather than as vetoed.

APPENDIX IV

HISTORY OF PASSAGE OF BIENNIAL BUDGET BILLS (1977-79 THRU 2009-11)

<u>Biennial Budget</u>	<u>Bill #</u>	<u>Date of Introduction</u>	<u>JFC Passage</u>	<u>First House Passage</u>	<u>Second House Passage</u>	<u>Final Legislative Action</u>	<u>Publication Date</u>	<u>Act #</u>
2009-11	AB 75	Feb 17, 2009	June 8	June 11	June 25	June 26	June 29	2009 Act 28
2007-09	SB 40	Feb 13, 2007	June 20	June 26	July 6	Oct 23	Oct 26	2007 Act 20
2005-07	AB 100	Feb 9, 2005	June 9	June 21	June 30	July 5	July 26	2005 Act 25
2003-05	SB 44	Feb 20, 2003	June 4	June 18	June 19	June 20	July 25	2003 Act 33
2001-03	AB 144 ^a	Feb 20, 2001	---					
	SB 55 ^a	Feb 20, 2001	June 7	June 19	June 29	July 26	Aug 31	2001 Act 16
1999-01	SS AB 1	Oct 29, 1999	Nov 4 ^b	Nov 2	Nov 11	Nov 11	Nov 18	1999 Act 10
	AB 133 ^a	Feb 16, 1999	June 10	June 30	July 1	Oct 6	Oct 28	1999 Act 9
	SB 45 ^a	Feb 16, 1999	---	---	---	---	---	---
1997-99	SB 77 ^a	Feb 12, 1997	June 19	---	---	---	---	---
	AB 100 ^a	Feb 12, 1997	Sept 4	Sept 16	Sept 25	Sept 29	Oct 13	1997 Act 27
1995-97	AB 150	Feb 16, 1995	June 15	June 22	June 28	June 29	July 28	1995 Act 27
	AB 402 ^c	May 24, 1995	May 30					
	AB 557 ^d	Sep 12, 1995	Oct 3	Oct 12	Nov 7	Nov 16	Dec 20	1995 Act 113
1993-95	SB 44	Feb 4, 1993	June 29 ^e	June 30	^f	July 16	Aug 11	1993 Act 16
1991-93	AB 91	Feb 7, 1991	June 25	June 26	July 2	July 3	Aug 14	1991 Act 39
1989-91	SB 31 ^g	Feb 2, 1989	June 14	June 19	June 28	June 30	Aug 8	1989 Act 31
1987-89	SB 100	Feb 17, 1987	June 11	June 18	July 2	July 2	July 31	1987 Act 27
1985-87	AB 85	Jan 29, 1985	June 6	June 14	June 23	June 28	July 19	1985 Act 29
1983-85	SB 83	Feb 8, 1983	May 26	June 3	June 21	June 24	July 1	1983 Act 27
1981-83	AB 66	Jan 27, 1981	June 2	June 30	July 8	July 22	July 30	Chap. 20, Laws of 1981
1979-81	SB 79	Feb 13, 1979	May 22	June 6	June 27	June 29	July 28	Chap. 34, Laws of 1979
1977-79	SB 77	Jan 25, 1977	May 10	May 24	June 13	June 15	June 29	Chap. 29, Laws of 1977

^aIn 1997-99, 1999-01, and 2001-03, the Governor's biennial budget recommendations were introduced in identical form in both the Assembly and the Senate.

^bSS AB 1 was referred by the Assembly to the Joint Committee on Finance (JFC) on October 29 and withdrawn from the Committee on November 2. The bill, as passed by the Assembly, was referred to the JFC by the Senate on November 4. The Committee recommended passage of SSA 1 to SS AB 1 on that same day.

^cAB 150, as introduced at the request of the Governor, did not include the transportation budget. The Governor later submitted separate recommendations for the transportation budget which were introduced in bill form as AB 402 on May 24, 1995. The provisions of AB 402 were subsequently incorporated into the budget bill, but were then later removed when the Legislature was unable to reconcile differences between the Assembly and Senate recommendations on the transportation budget.

^dA second transportation budget was introduced September 12, 1995 by Senator Weeden and Representative Brancel at the request of the Governor and the transportation budget bill was adopted on December 20, 1995.

^eBudget bill was reported out without recommendation.

^fCommittee of Conference was requested by the Assembly on July 7.

^gThe Governor's initial biennial budget recommendations were presented in three separate bills: SB 31 (general executive budget); SB 32 (natural resources executive budget); and SB 33 (transportation executive budget). These three executive budget bills were combined into a single substitute amendment to SB 31 when the 1989-91 biennial budget bill was reported out by the Joint Committee on Finance.

APPENDIX V

BIENNIAL BUDGET BILL INTRODUCTION DATES
1977-79 THRU 2009-11

<u>Budget Biennium</u>	<u>Introduced Bill</u>	<u>Statutory Submittal Date</u>	<u>Actual Submittal Date</u>	<u>Days After Statutory Date</u>
2009-11	AB 75	January 27, 2009	February 17, 2009	21
2007-09	SB 40	January 30, 2007	February 13, 2007	14
2005-07	AB 100	January 25, 2005	February 9, 2005	15
2003-05	SB 44	January 28, 2003	February 20, 2003	23
2001-03	SB 55	January 30, 2001	February 20, 2001	21
1999-01	SB 45	January 26, 1999	February 16, 1999	21
1997-99	AB 100	January 28, 1997	February 12, 1997	15
1995-97	AB 150	January 31, 1995	February 16, 1995	16
1993-95	SB 144	January 26, 1993	February 4, 1993	9
1991-93	AB 91	January 29, 1991	February 7, 1991	9
1989-91	SB 31	January 31, 1989	February 2, 1989	2
1987-89	SB 100	January 27, 1987	February 17, 1987	21
1985-87	AB 85	January 29, 1985	January 29, 1985	0
1983-85	SB 83	January 25, 1983	February 8, 1983	14
1981-83	AB 66	January 27, 1981	January 27, 1981	0
1979-81	SB 79	January 30, 1979	February 13, 1979	14
1977-79	SB 77	January 25, 1977	January 25, 1977	0

APPENDIX VI

HISTORY OF PASSAGE OF BUDGET ADJUSTMENT BILLS 1977-79 TO 2009-11

<u>Budget Biennium</u>	<u>Adjustment Bill</u>	<u>Date of Introduction</u>	<u>Bill #</u>	<u>Act #</u>	<u>Publication Date</u>
2007-09	2009 Budget Adjustment	February 17, 2009	SB 62	2009 Act 2	March 5, 2009
2007-09	2008 Budget Adjustment	March 12, 2008	Mar 2008 SS AB 1	2007 Act 226	May 30, 2008
2005-07	None ^a				
2003-05	None ^b				
2001-03	2002 Budget Adjustment	February 5, 2002	Jan 2002 SS AB 1	2001 Act 109	July 29, 2002
1999-01	2000 Budget Adjustment	February 1, 2000	SB 357	Not Adopted	N.A.
1997-99	1998 Budget Adjustment	February 3, 1998	AB 768	1997 Act 237	June 16, 1998
1995-97	1996 Budget Adjustment	February 21, 1996	SB 565	1995 Act 216	April 29, 1996
		February 21, 1996	SB 562	1995 Act 248	May 2, 1996
		February 21, 1996	SB 563	1995 Act 416	June 20, 1996
1993-95	1994 Budget Adjustment	February 9, 1994	AB 1126	1993 Act 437	May 9, 1994
1991-93	1992 Budget Adjustment	January 30, 1992	SB 483	1991 Act 269	April 30, 1992
1989-91	1990 Budget Review	March 20, 1990	SB 542	1989 Act 336	May 10, 1990
1987-89	1988 Annual Budget	January 27, 1988	AB 850	1987 Act 399	May 16, 1988
1985-87	1986 Budget Adjustment	January 27, 1986	Jan 1986 SS SB 1	1985 Act 120	February 7, 1986
1983-85	1984 Budget and Revenue Adjustment	March 1, 1984	SB 663	1983 Act 212	April 25, 1984
1981-83	1981-83 Budget Adjustment ^c	November 4, 1981	Nov 1981 SS SB 1	Chapter 93, Laws of 1981	December 4, 1981
	1981 Appropriation Reduction	February 18, 1982	SB 783	Chapter 317, Laws of 1981	April 30, 1982
1979-81	1979-81 Budget Review	February 5, 1980	AB 1180	Chapter 221, Laws of 1979	April 29, 1980
1977-79	1977-79 Budget Review	February 9, 1978	AB 1220	Chapter 418, Laws of 1977	May 18, 1978

^a A bill was enacted as 2005 Act 211, which addressed a deficit in the medical assistance trust fund.

^b Two bills providing budget adjustments in specific areas were enacted: (a) 2003 Wisconsin Act 129 relating to the refunding of debt obligations, reduction of authorized bonding authority, transfer to the Medical Assistance Trust Fund, and increased funding for the Public Defender's Office and the Office of District Attorneys; and (b) 2003 Wisconsin Act 318 relating to funding for the medical assistance and community aids programs. These were targeted to specific issues.

^c Statutory provision for a budget review bill was repealed by the 1981-83 biennial budget (Chapter 20, Laws of 1981).

APPENDIX VII

**GENERAL FUND CONDITION STATEMENT,
SUMMARY OF TOTAL APPROPRIATIONS BY FUND SOURCE,
AND SAMPLE APPROPRIATIONS SCHEDULE AND LANGUAGE**

The following four charts portray statutory sections of the final 2009-11 approved biennial budget. Chart 4 portrays the final general fund condition statement for 2009-11 which appears in the 2009-10 Wisconsin Statutes. This is the part of figure 20.005(1) that is headed "GENERAL FUND SUMMARY."

That same figure also contains three other summaries which, taken together, represent the final level of all funds appropriations and reserves

approved by the 2009 Legislature. Chart 5 displays these other three summaries. One summary is for all appropriations by revenue source, another is for compensation reserve amounts by revenue source, and the final one is a summary of the lottery fund revenues and expenditures. Chart 6 provides an example of the individual appropriations and departmental totals for three state agencies within one functional area (Judicial) of the total budget. Chart 7 shows the actual statutory language which governs the appropriations shown in Chart 6.

CHART 4

20.005 State budget. (1) SUMMARY OF ALL FUNDS. The budget governing fiscal operations for the state of Wisconsin for all funds beginning on July 1, 2009, and ending on June 30, 2011, is summarized as follows: [See Figure 20.005 (1) following]

Figure 20.005(1):

GENERAL FUND SUMMARY

	2009-10	2010-11
Opening Balance, July 1	\$ 89,564,000	\$ 335,819,900
Revenues		
Taxes	\$12,131,600,000	\$12,786,700,000
Departmental Revenues		
Tribal Gaming Revenues	19,226,600	22,330,300
Other	<u>799,412,600</u>	<u>781,004,300</u>
Total Available	\$ 13,039,803,200	\$13,925,854,500
Appropriations and Reserves		
Gross Appropriations	\$12,940,446,400	\$14,109,283,800
Compensation Reserves	47,279,100	95,962,700
Less Lapses	<u>-283,742,200</u>	<u>-323,849,900</u>
Total Expenditures	\$ 12,703,983,300	\$13,881,396,600
Balances		
Gross Balance	\$ 335,819,900	\$ 44,457,900
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$ 270,819,900	\$ -20,542,100

CHART 5

Figure 20.005(1): (continued)

	<u>2009-10</u>	<u>2010-11</u>
General Purpose Revenue	\$ 12,940,446,400	\$ 14,109,283,800
Federal Revenue	\$ 10,565,682,400	\$ 8,774,398,000
Program	(8,681,137,500)	(7,943,651,700)
Segregated	(1,884,544,900)	(830,746,300)
Program Revenue	\$ 4,269,386,600	\$ 4,312,578,600
State	(3,417,929,100)	(3,493,050,500)
Service	(851,457,500)	(819,528,100)
Segregated Revenue	\$ 3,836,985,400	\$ 3,790,376,400
State	(3,554,459,300)	(3,477,850,300)
Local	(108,559,400)	(108,559,400)
Service	<u>(173,966,700)</u>	<u>(203,966,700)</u>
GRAND TOTAL	\$ 31,612,500,800	\$ 30,986,636,800

SUMMARY OF COMPENSATION RESERVES -- ALL FUNDS

	<u>2009-10</u>	<u>2010-11</u>
General Purpose Revenue	\$ 47,279,100	\$ 95,962,700
Federal Revenue	14,101,500	28,315,100
Program Revenue	45,910,700	93,024,600
Segregated Revenue	<u>8,840,400</u>	<u>17,707,600</u>
TOTAL	\$ 116,131,700	\$ 235,010,000

CHART 5 (continued)

Figure 20.005(1): (continued)

LOTTERY FUND SUMMARY

	2009-10	2010-11
Gross Revenue		
Ticket Sales	\$ 479,421,500	\$ 478,672,600
Miscellaneous Revenue	<u>483,000</u>	<u>431,300</u>
	\$ 479,904,500	\$ 479,103,900
Expenses		
Prizes	\$ 281,894,500	\$ 279,692,400
Administrative Expenses	<u>67,510,300</u>	<u>67,416,500</u>
	\$ 349,404,800	\$ 347,108,900
Net Proceeds	\$ 130,499,700	\$ 131,995,000
Total Available for Property Tax Relief		
Opening Balance	\$ 8,799,600	\$ 9,598,100
Net Proceeds	130,499,700	131,995,000
Interest Earnings	337,400	1,694,500
Gaming-Related Revenue	<u>208,100</u>	<u>306,600</u>
	\$ 139,844,800	\$ 143,594,200
Property Tax Relief	\$ 130,246,700	\$ 134,012,100
Gross Closing Balance	\$ 9,598,100	\$ 9,582,100
Reserve	\$ 9,598,100	\$ 9,582,100
Net Balance	\$ 0	\$ 0

CHART 6

SAMPLE OF STATUTORY APPROPRIATIONS SCHEDULE

Judicial Functional Area

Statute, Agency and Purpose		Source	Type	2009-10	2010-11
20.625 Circuit courts					
(1)	COURT OPERATIONS				
(a)	Circuit courts	GPR	S	70,626,000	71,113,200
(as)	Violent crime court costs	GPR	A	-0-	-0-
(b)	Permanent reserve judges	GPR	A	-0-	-0-
(c)	Court interpreter fees	GPR	A	1,284,900	1,433,500
(d)	Circuit court support payments	GPR	B	18,552,200	18,552,200
(e)	Guardian ad litem costs	GPR	A	4,691,100	4,691,100
(m)	Federal aid	PR-F	C	-0-	-0-
20.625 DEPARTMENT TOTALS					
	GENERAL PURPOSE REVENUES			95,154,200	95,790,000
	PROGRAM REVENUE			-0-	-0-
	FEDERAL			(-0-)	(-0-)
	TOTAL--ALL SOURCES			95,154,200	95,790,000
20.660 Court of appeals					
(1)	APPELLATE PROCEEDINGS				
(a)	General program operations	GPR	S	10,162,000	10,162,000
(m)	Federal aid	PR-F	C	-0-	-0-
20.660 DEPARTMENT TOTALS					
	GENERAL PURPOSE REVENUES			10,162,000	10,162,000
	PROGRAM REVENUE			-0-	-0-
	FEDERAL			(-0-)	(-0-)
	TOTAL-ALL SOURCES			10,162,000	10,162,000
20.665 Judicial commission					
(1)	JUDICIAL CONDUCT				
(a)	General program operations	GPR	A	227,800	227,800
(cm)	Contractual agreements	GPR	B	18,000	18,000
(mm)	Federal aid	PR-F	C	-0-	-0-
20.665 DEPARTMENT TOTALS					
	GENERAL PURPOSE REVENUES			245,800	245,800
	PROGRAM REVENUE			-0-	-0-
	FEDERAL			(-0-)	(-0-)
	TOTAL-ALL SOURCES			245,800	245,800

CHART 7

SAMPLE OF STATUTORY APPROPRIATIONS LANGUAGE

20.625 Circuit courts. There is appropriated to the director of state courts for the following programs:

(1) COURT OPERATIONS. (a) *Circuit courts.* A sum sufficient for salaries and expenses of the judges, reporters and assistant reporters of the circuit courts.

(as) *Violent crime court costs.* The amounts in the schedule for reimbursement under s. 753.061 (5) for the costs of operating 2 circuit court branches in the 1st judicial administrative district that primarily handle violent crime cases, to pay one-time court construction costs.

(b) *Permanent reserve judges.* The amounts in the schedule for reimbursement of permanent reserve judges under s. 753.075 (3) (b).

(c) *Court interpreter fees.* The amounts in the schedule to pay interpreter fees reimbursed under s. 758.19 (8) and 2009 Wisconsin Act 28, section 9109 (1).

(d) *Circuit court support payments.* Biennially, the amounts in the schedule to make a payment to each county under s. 758.19 (5).

(e) *Guardian ad litem costs.* The amounts in the schedule to pay the counties for guardian ad litem costs under s. 758.19 (6).

(m) *Federal aid.* All federal moneys received as authorized under s. 16.54 to carry out the purposes for which made and received.

History: 1971 c. 125; 1975 c. 39, 283; 1977 c. 187 s. 135; 1977 c. 449; Sup. Ct. Order, 88 Wis. 2d xiii (1979); 1979 c. 34; 1983 a. 27; 1987 a. 399; 1989 a. 122; 1991 a. 39; 1993 a. 16, 206; 1995 a. 27; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2005 a. 130; 2009 a. 28.

20.660 Court of appeals. There is appropriated to the court of appeals for the following programs:

(1) APPELLATE PROCEEDINGS. (a) *General program operations.* A sum sufficient to carry its functions into effect.

(m) *Federal aid.* All moneys received from the federal government as authorized by the governor under s. 16.54 to carry out the purposes for which made and received.

History: 1977 c. 187, 418; 1997 a. 27; 1999 a. 9.

20.665 Judicial commission. There is appropriated to the judicial commission:

(1) JUDICIAL CONDUCT. (a) *General program operations.* The amounts in the schedule for the general program operations of the judicial commission.

(cm) *Contractual agreements.* Biennially, the amounts in the schedule for payments relating to contractual agreements for investigations or prosecutions or both.

(mm) *Federal aid.* All federal moneys received as authorized under s. 16.54 and approved by the joint committee on finance to carry out the purposes for which made and received.

History: 1977 c. 449; 1979 c. 221; 1981 c. 20; 1983 a. 27, 378; 1987 a. 27; 1989 a. 31; 1995 a. 27; 1999 a. 9; 2007 a. 20.

APPENDIX VIII

TABLES SUMMARIZING THE 2009-11 STATE BUDGET

The tables, which follow, present budget and position summaries for Wisconsin's 2009-11 state budget. The amounts portrayed reflect final appropriated levels of the biennial budget (2009 Act 28) and all other legislation enacted in the 2009-10 session of the Legislature.

The tables are presented in two sections. Tables 1 through 5 reflect all funds budget and position summaries and Tables 6 through 13 show budgeted amounts and positions funded from the state's general fund.

All Funds Budget and Position Summaries

Table 1	2009-11 Appropriations and Authorizations
Table 2	2009-11 Total Appropriations by Agency
Table 3	2009-11 All Funds Appropriations by Functional Area
Table 4	2009-11 All Funds Appropriations by Purpose
Table 5	2010-11 All Funds Full-Time Equivalent Positions by Agency

General Fund Budget and Position Summaries

Table 6	2009-11 General Fund Condition Statement
Table 7	Estimated 2009-11 General Fund Taxes
Table 8	2009-11 General Fund Appropriations by Agency
Table 9	2009-11 General Fund Appropriations by Functional Area
Table 10	2009-11 General Fund Appropriations by Purpose
Table 11	2009-11 General Fund Appropriations by Purpose and Major Budget Program
Table 12	2009-11 General Fund Appropriations -- Top Ten Programs
Table 13	2010-11 General Fund Full-Time Equivalent Positions by Agency

TABLE 1

2009-11 APPROPRIATIONS AND AUTHORIZATIONS

<u>Fund Source</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>	<u>% of Total</u>
General Purpose Revenue (GPR)	\$12,987,725,500	\$14,205,246,500	\$27,192,972,000	40.9%
Appropriations	12,940,446,400	14,109,283,800	27,049,730,200	
Compensation Reserves	47,279,100	95,962,700	143,241,800	
Federal Revenue (FED)	10,579,783,900	8,802,713,100	19,382,497,000	29.1
Appropriations	10,565,682,400	8,774,398,000	19,340,080,400	
Compensation Reserves	14,101,500	28,315,100	42,416,600	
Program Revenue (PR)	4,315,297,300	4,405,603,200	8,720,900,500	13.1
Appropriations	4,269,386,600	4,312,578,600	8,581,965,200	
Compensation Reserves	45,910,700	93,024,600	138,935,300	
Segregated Revenue (SEG)	3,845,825,800	3,808,084,000	7,653,909,800	11.5
Appropriations	3,836,985,400	3,790,376,400	7,627,361,800	
Compensation Reserves	<u>8,840,400</u>	<u>17,707,600</u>	<u>26,548,000</u>	
Subtotal	\$31,728,632,500	\$31,221,646,800	\$62,950,279,300	94.6%
Appropriations	31,612,500,800	30,986,636,800	62,599,137,600	
Compensation Reserves	116,131,700	235,010,000	351,141,700	
Bonding Authorization			3,591,172,100	5.4
General Obligation Bonding			2,910,528,900	
Revenue Bonding			<u>680,643,200</u>	
TOTAL			\$66,541,451,400	100.0%

TABLE 2

2009-11 TOTAL APPROPRIATIONS BY AGENCY

<u>Agency/Area</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$1,182,898,100	\$938,741,700	\$2,121,639,800	3.4%
Agriculture, Trade and Consumer Protection	97,457,800	100,232,300	197,690,100	0.3
Arts Board	4,040,900	3,722,400	7,763,300	< 0.1
Board of Commissioners of Public Lands	1,556,400	1,556,400	3,112,800	< 0.1
Board for People with Developmental Disab.	1,404,500	1,404,500	2,809,000	< 0.1
Board on Aging and Long-Term Care	2,580,700	2,580,700	5,161,400	< 0.1
Building Commission	11,841,400	28,425,700	40,267,100	0.1
Child Abuse and Neglect Prevention Board	3,784,800	3,784,800	7,569,600	< 0.1
Children and Families	1,108,038,800	1,128,865,500	2,236,904,300	3.6
Circuit Courts	95,154,200	95,790,000	190,944,200	0.3
Commerce	195,600,100	182,009,800	377,609,900	0.6
Corrections	1,217,808,100	1,288,035,300	2,505,843,400	4.0
Compensation Reserves	116,131,700	235,010,000	351,141,700	0.6
Court of Appeals	10,162,000	10,162,000	20,324,000	< 0.1
District Attorneys	44,448,700	44,458,400	88,907,100	0.1
Educational Communications Board	17,020,000	18,718,600	35,738,600	0.1
Employee Trust Funds	27,492,300	30,660,400	58,152,700	0.1
Employment Relations Commission	2,930,000	3,125,000	6,055,000	< 0.1
Environmental Improvement Program	177,121,200	56,374,800	233,496,000	0.4
Financial Institutions	16,318,600	17,330,800	33,649,400	0.1
Fox River Navigational System Authority	125,400	125,400	250,800	< 0.1
Government Accountability Board	5,311,600	5,158,600	10,470,200	< 0.1
Governor	4,233,200	4,233,200	8,466,400	< 0.1
Health Services	7,848,213,500	8,154,853,500	16,003,067,000	25.4
Higher Educational Aids Board	133,149,100	162,813,100	295,962,200	0.5
Historical Society	20,134,800	21,398,700	41,533,500	0.1
Insurance	103,549,000	103,753,300	207,302,300	0.3
Investment Board	28,958,900	28,958,900	57,917,800	0.1
Judicial Commission	245,800	245,800	491,600	< 0.1
Judicial Council	127,600	127,600	255,200	< 0.1
Justice	92,887,700	93,537,900	186,425,600	0.3
Legislature	73,817,900	73,917,600	147,735,500	0.2
Lieutenant Governor	390,800	390,800	781,600	< 0.1
Lower Wisconsin State Riverway Board	202,700	202,700	405,400	< 0.1
Medical College of Wisconsin	6,440,700	6,983,700	13,424,400	< 0.1

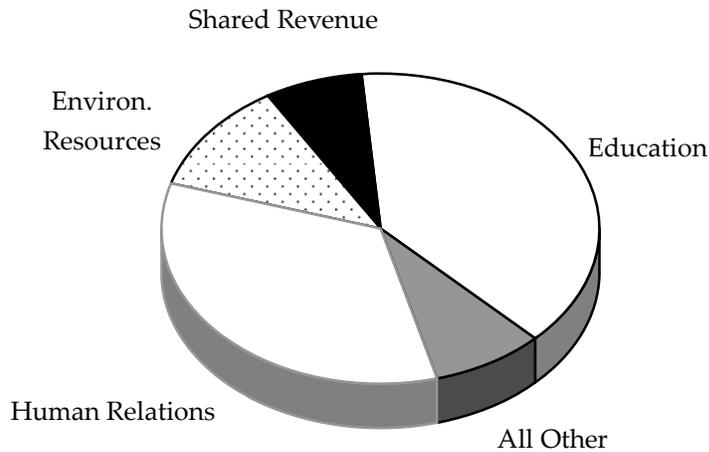
TABLE 2 (continued)

2009-11 TOTAL APPROPRIATIONS BY AGENCY

<u>Agency/Area</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Military Affairs	\$80,731,800	\$80,527,900	\$161,259,700	0.3%
Miscellaneous Appropriations	159,992,700	158,692,300	318,685,000	0.5
Natural Resources	510,325,300	561,278,000	1,071,603,300	1.7
Office of State Employment Relations	5,994,200	5,994,200	11,988,400	< 0.1
Program Supplements	38,028,200	31,255,500	69,283,700	0.1
Public Defender	78,780,600	78,197,800	156,978,400	0.2
Public Instruction	6,473,157,300	6,497,879,400	12,971,036,700	20.6
Public Service Commission	27,284,800	24,673,600	51,958,400	0.1
Regulation and Licensing	13,819,700	13,567,100	27,386,800	< 0.1
Revenue	179,693,100	179,015,300	358,708,400	0.6
Secretary of State	725,700	725,700	1,451,400	< 0.1
Shared Revenue and Tax Relief	2,335,632,900	2,397,352,000	4,732,984,900	7.5
State Fair Park Board	16,942,500	18,738,200	35,680,700	0.1
State Treasurer	5,941,700	7,445,700	13,387,400	< 0.1
Supreme Court	31,280,200	31,260,400	62,540,600	0.1
Tourism	14,066,400	13,974,600	28,041,000	< 0.1
Transportation	3,634,497,200	2,706,466,100	6,340,963,300	10.1
University of Wisconsin System	4,592,899,000	4,748,306,900	9,341,205,900	14.8
UW Hospitals and Clinics Board	153,739,500	153,739,500	307,479,000	0.5
Veterans Affairs	140,634,200	142,642,600	283,276,800	0.5
Wisconsin Technical College System	184,849,600	185,850,300	370,699,900	0.6
Workforce Development	<u>398,036,900</u>	<u>336,373,800</u>	<u>734,410,700</u>	<u>1.2</u>
TOTAL	\$31,728,632,500	\$31,221,646,800	\$62,950,279,300	100.0%

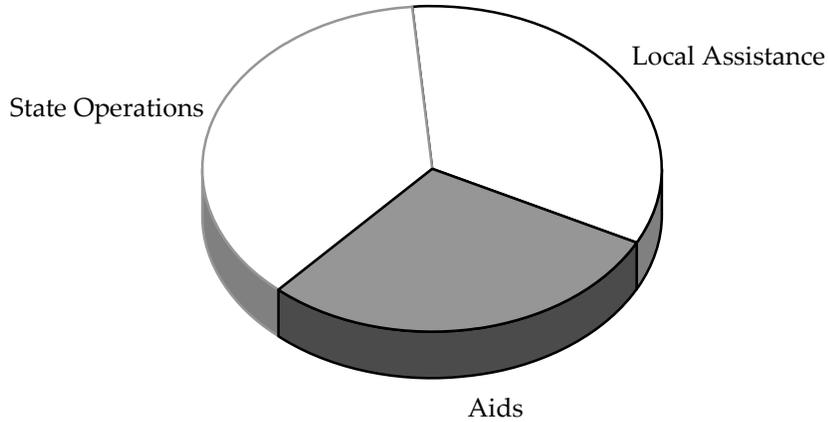
TABLE 3

**2009-11 ALL FUNDS APPROPRIATIONS
BY FUNCTIONAL AREA**



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$23,077,364,500	36.7%
Human Relations and Resources	22,529,168,600	35.8
Environmental Resources	7,674,759,800	12.2
Shared Revenue and Tax Relief	4,732,984,900	7.5
All Other		
General Executive	2,803,055,300	4.4
Commerce	931,277,600	1.5
General Appropriations	428,235,800	0.7
Compensation Reserves	351,141,700	0.6
Judicial	274,555,600	0.4
Legislative	<u>147,735,500</u>	<u>0.2</u>
TOTAL	\$62,950,279,300	100.0%

TABLE 4
2009-11 ALL FUNDS APPROPRIATIONS
BY PURPOSE



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
State Operations	\$23,226,177,800	36.9%
UW System	(8,632,946,900)	(13.7)
Other Programs	(14,242,089,200)	(22.6)
Compensation Reserves	(351,141,700)	(0.6)
Local Assistance	21,356,221,600	33.9
Aids to Individuals and Organizations	<u>18,367,879,900</u>	<u>29.2</u>
TOTAL	\$62,950,279,300	100.0%

TABLE 5**2010-11 ALL FUNDS FULL-TIME EQUIVALENT POSITIONS BY AGENCY**

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Administration	1,058.42	1.49%
Agriculture, Trade and Consumer Protection	599.32	0.84
Arts Board	10.00	0.01
Board for People with Developmental Disabilities	7.75	0.01
Board of Commissioners of Public Lands	8.50	0.01
Board on Aging and Long-Term Care	35.00	0.05
Child Abuse and Neglect Prevention Board	7.00	0.01
Children and Families	692.71	0.97
Circuit Courts	527.00	0.74
Commerce	392.85	0.55
Corrections	10,594.22	14.90
Court of Appeals	75.50	0.11
District Attorneys	436.10	0.61
Educational Communications Board	62.18	0.09
Employee Trust Funds	243.20	0.34
Employment Relations Commission	26.00	0.04
Financial Institutions	135.54	0.19
Government Accountability Board	17.75	0.02
Governor	37.25	0.05
Health Services	5,574.71	7.84
Higher Educational Aids Board	10.50	0.01
Historical Society	143.54	0.20
Insurance	144.00	0.20
Investment Board	124.25	0.17
Judicial Commission	2.00	0.00
Judicial Council	1.00	< 0.01
Justice	595.39	0.84
Legislature	777.97	1.09
Lieutenant Governor	4.00	0.01
Lower Wisconsin State Riverway Board	2.00	<0.01
Military Affairs	433.36	0.61
Natural Resources	2,709.22	3.81
Office of State Employment Relations	55.50	0.08
Public Defender	580.85	0.82
Public Instruction	634.29	0.89

TABLE 5 (continued)

2010-11 ALL FUNDS FULL-TIME EQUIVALENT POSITIONS BY AGENCY

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Public Service Commission	167.00	0.23%
Regulation and Licensing	122.32	0.17
Revenue	1,114.43	1.57
Secretary of State	7.50	0.01
State Fair Park Board	38.90	0.05
State Treasurer	14.70	0.02
Supreme Court	220.75	0.31
Tourism	34.45	0.05
Transportation	3,495.48	4.92
University of Wisconsin Hospitals and Clinics Board	2,609.38	3.67
University of Wisconsin System	33,501.34	47.11
Veterans Affairs	1,113.10	1.57
Wisconsin Technical College System	82.30	0.12
Workforce Development	<u>1,828.09</u>	<u>2.57</u>
TOTAL	71,108.61	100.00%

2010-11 FULL-TIME EQUIVALENT POSITIONS BY FUNDING SOURCE

<u>Fund</u>	<u>Number</u>	<u>% of Total</u>
GPR	35,761.66	50.29%
FED	10,330.09	14.53
PR	19,843.38	27.91
SEG	<u>5,173.48</u>	<u>7.28</u>
TOTAL	71,108.61	100.0%

TABLE 6**2009-11 GENERAL FUND CONDITION STATEMENT**

	<u>2009-10</u>	<u>2010-11</u>
Revenues		
Opening Balance, July 1	\$89,564,000	\$335,819,900
Taxes	12,131,600,000	12,786,700,000
Departmental Revenues		
Tribal Gaming Revenues	19,226,600	22,330,300
Other	<u>799,412,600</u>	<u>781,004,300</u>
Total Available	\$13,039,803,200	\$13,925,854,500
Appropriations and Reserves		
Gross Appropriations	\$12,940,446,400	\$14,109,283,800
Compensation Reserves	47,279,100	95,962,700
Less Lapses	<u>-283,742,200</u>	<u>-323,849,900</u>
Total Expenditures	\$12,703,983,300	\$13,881,396,600
Balances		
Gross Balance	\$335,819,900	\$44,457,900
Less Required Statutory Balance	<u>-65,000,000</u>	<u>-65,000,000</u>
Net Balance, June 30	\$270,819,900	-\$20,542,100

TABLE 7
ESTIMATED 2009-11 GENERAL FUND TAXES

<u>Tax Source</u>	<u>2009-10</u>	<u>2010-11</u>	<u>Total</u>	<u>% of Total</u>
Individual Income	\$6,154,800,000	\$6,492,000,000	\$12,646,800,000	50.8%
Sales and Use	4,015,000,000	4,235,000,000	8,250,000,000	33.1
Corporate Income and Franchise	699,700,000	798,500,000	1,498,200,000	6.0
Public Utility	322,200,000	327,200,000	649,400,000	2.6
Excise Taxes				
Cigarette	650,000,000	630,000,000	1,280,000,000	5.1
Tobacco Products	57,800,000	62,600,000	120,400,000	0.5
Liquor and Wine	43,500,000	44,700,000	88,200,000	0.4
Beer	9,600,000	9,700,000	19,300,000	0.1
Insurance Company	127,000,000	135,000,000	262,000,000	1.1
Miscellaneous	<u>52,000,000</u>	<u>52,000,000</u>	<u>104,000,000</u>	<u>0.4</u>
Total	\$12,131,600,000	\$12,786,700,000	\$24,918,300,000	100.0%

TABLE 8

2009-11 GENERAL FUND APPROPRIATIONS BY AGENCY

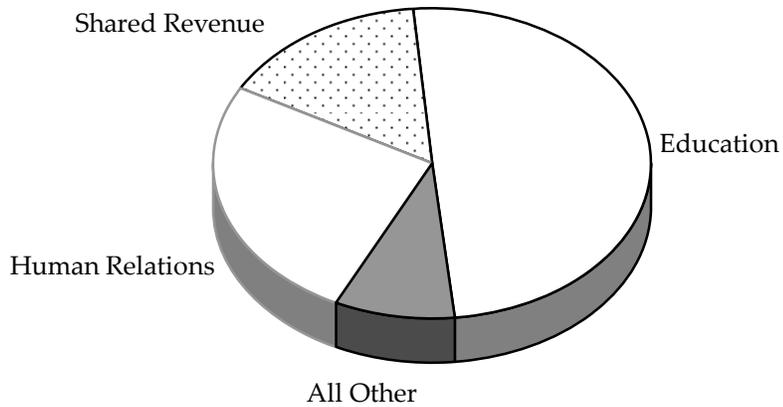
<u>Agency/Area</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Administration	\$376,351,300	\$386,085,600	\$762,436,900	2.8%
Agriculture, Trade and Consumer Protection	25,380,800	27,119,700	52,500,500	0.2
Arts Board	2,417,700	2,417,700	4,835,400	< 0.1
Board for People with Developmental Disab.	19,800	19,800	39,600	< 0.1
Board on Aging and Long-Term Care	1,016,900	1,016,900	2,033,800	< 0.1
Building Commission	9,925,800	25,283,100	35,208,900	0.1
Child Abuse and Neglect Prevention Board	1,107,600	1,107,600	2,215,200	< 0.1
Children and Families	356,983,600	333,177,600	690,161,200	2.5
Circuit Courts	95,154,200	95,790,000	190,944,200	0.7
Commerce	25,177,000	26,824,100	52,001,100	0.2
Compensation Reserves	47,279,100	95,962,700	143,241,800	0.5
Corrections	1,056,347,000	1,135,409,000	2,191,756,000	8.1
Court of Appeals	10,162,000	10,162,000	20,324,000	0.1
District Attorneys	32,935,800	32,935,800	65,871,600	0.2
Educational Communications Board	6,134,700	7,833,300	13,968,000	0.1
Employee Trust Funds	844,000	671,600	1,515,600	< 0.1
Employment Relations Commission	2,375,200	2,570,200	4,945,400	< 0.1
Environmental Improvement Program	16,486,200	47,374,800	63,861,000	0.2
Government Accountability Board	2,382,800	2,437,600	4,820,400	< 0.1
Governor	4,233,200	4,233,200	8,466,400	< 0.1
Health Services	1,763,771,500	2,129,398,700	3,893,170,200	14.3
Higher Educational Aids Board	113,246,100	160,144,700	273,390,800	1.0
Historical Society	11,983,500	13,322,100	25,305,600	0.1
Judicial Commission	245,800	245,800	491,600	< 0.1
Judicial Council	127,600	127,600	255,200	< 0.1
Justice	40,576,500	41,163,600	81,740,100	0.3
Legislature	71,905,600	71,894,600	143,800,200	0.5
Lieutenant Governor	390,800	390,800	781,600	< 0.1
Medical College of Wisconsin	6,193,200	6,736,200	12,929,400	< 0.1
Military Affairs	21,269,300	22,859,000	44,128,300	0.2
Miscellaneous Appropriations	131,322,700	129,912,900	261,235,600	1.0
Natural Resources	58,554,700	119,202,800	177,757,500	0.7
Program Supplements	7,239,000	14,677,000	21,916,000	0.1
Public Defender	77,358,300	76,775,100	154,133,400	0.6
Public Instruction	5,234,519,500	5,487,973,700	10,722,493,200	39.4

TABLE 8 (continued)

2009-11 GENERAL FUND APPROPRIATIONS BY AGENCY

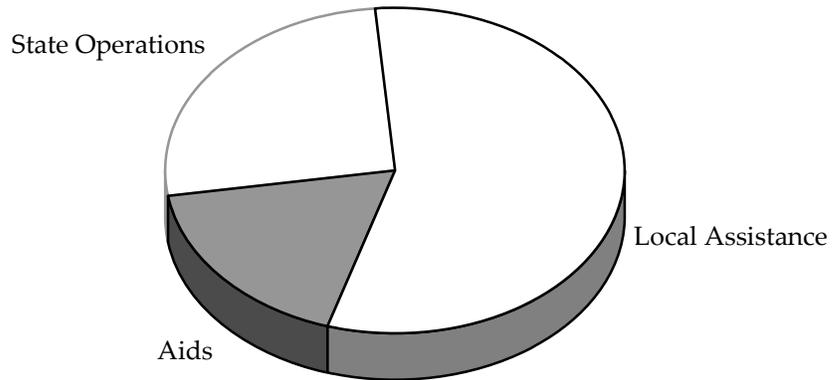
<u>Agency/Area</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2009-11 Biennium</u>	
			<u>Amount</u>	<u>% of Total</u>
Revenue	\$94,160,200	\$94,203,400	\$188,363,600	0.7%
Shared Revenue and Tax Relief	2,031,984,100	2,196,487,400	4,228,471,500	15.5
State Fair Park Board	1,174,400	2,363,100	3,537,500	< 0.1
Supreme Court	14,842,100	14,842,100	29,684,200	0.1
Tourism	3,002,900	2,876,500	5,879,400	< 0.1
Transportation	30,190,900	76,374,600	106,565,500	0.4
University of Wisconsin System	1,031,803,200	1,134,013,300	2,165,816,500	8.0
Veterans Affairs	1,219,100	2,244,500	3,463,600	< 0.1
Wisconsin Technical College System	143,590,700	144,590,700	288,181,400	1.1
Workforce Development	<u>24,339,100</u>	<u>23,994,000</u>	<u>48,333,100</u>	<u>0.2</u>
TOTAL	\$12,987,725,500	\$14,205,246,500	\$27,192,972,000	100.0%

TABLE 9
2009-11 GENERAL FUND APPROPRIATIONS
BY FUNCTIONAL AREA



<u>Functional Area</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$13,506,920,300	49.7%
Human Relations and Resources	7,027,858,100	25.8
Shared Revenue and Tax Relief	4,228,471,500	15.6
All Other		
General Executive	1,120,517,900	4.1
Environmental Resources	354,063,400	1.3
General Appropriations	318,360,500	1.2
Judicial	241,699,200	0.9
Legislative	143,800,200	0.5
Compensation Reserves	143,241,800	0.5
Commerce	<u>108,039,100</u>	<u>0.4</u>
TOTAL	\$27,192,972,000	100.0%

TABLE 10
2009-11 GENERAL FUND APPROPRIATIONS
BY PURPOSE



<u>Purpose</u>	<u>Amount</u>	<u>Percent of Total</u>
Local Assistance	\$15,225,181,100	56.0%
State Operations	7,114,639,400	26.2
UW System	(2,128,163,400)	(7.8)
Other Programs	(4,843,234,200)	(17.8)
Compensation Reserves	(143,241,800)	(0.5)
Aids to Individuals and Organizations	<u>4,853,151,500</u>	<u>17.8</u>
TOTAL	\$27,192,972,000	100.0%

TABLE 11

**2009-11 GENERAL FUND APPROPRIATIONS
BY PURPOSE AND MAJOR BUDGET PROGRAM**

	<u>Amount</u>	<u>% of Category</u>	<u>% of Budget</u>
I. LOCAL ASSISTANCE			
Elementary and Secondary School Aids	\$10,292,985,200	67.6%	37.8%
Shared Revenue Payments	1,749,802,000	11.5	6.4
School Levy/First Dollar Tax Credits	1,697,625,200	11.1	6.2
Community and Juvenile Correctional Services	503,577,700	3.3	1.9
Technical College System Aids	273,943,800	1.8	1.0
Long-Term Care Programs	175,619,400	1.2	0.7
Aid for Exempt Computer Property	150,372,000	1.0	0.6
Environmental Aid	124,673,200	0.8	0.5
Income Maintenance and Court Support Payments	<u>109,377,200</u>	<u>0.7</u>	<u>0.4</u>
Subtotal	\$15,077,975,700	99.0%	55.5%
 All Other Local Assistance	 <u>147,205,400</u>	 <u>1.0</u>	 <u>0.5</u>
TOTAL -- Local Assistance	\$15,225,181,100	100.0%	56.0%
 II. STATE OPERATIONS			
UW System	\$2,128,163,400	29.9%	7.8%
Correctional Operations	1,927,579,400	27.1	7.1
Appropriation Obligation Bonds	728,715,000	10.2	2.7
Judicial and Legal Services	489,471,000	6.9	1.8
State Residential Institutions	364,320,700	5.1	1.3
Health Services/Children & Families	235,642,900	3.3	0.9
Income Tax Reciprocity	205,388,700	2.9	0.8
Tax Administration	188,363,600	2.7	0.7
Legislature	143,800,200	2.0	0.5
Compensation Reserves	143,241,800	2.0	0.5
Natural Resources	125,850,700	1.8	0.5
Transportation Debt Service	<u>106,565,500</u>	<u>1.5</u>	<u>0.4</u>
Subtotal	\$6,787,102,900	95.4%	25.0%
 All Other State Operations	 <u>327,536,500</u>	 <u>4.6</u>	 <u>1.2</u>
TOTAL -- State Operations	\$7,114,639,400	100.0%	26.2%
 III. AIDS TO INDIVIDUALS AND ORGANIZATIONS			
Medical Assistance	\$2,331,348,900	48.0%	8.6%
Milwaukee Parental Choice and Charter School Programs	368,050,700	7.6	1.4
Public Assistance	327,979,200	6.8	1.2
Student Grants and Aids	323,343,700	6.7	1.2
Supplemental Security Income	281,529,400	5.8	1.0
Other Individual Tax Credits	252,630,900	5.2	0.9
Homestead Tax Credit	251,900,000	5.2	0.9
Milwaukee Child Welfare	107,551,900	2.2	0.4
Foster Care and Adoption Assistance	100,711,100	2.1	0.4
Purchased Services	90,096,200	1.8	0.3
Prescription Drugs Assistance for Elderly	<u>61,552,800</u>	<u>1.3</u>	<u>0.2</u>
Subtotal	\$4,496,694,800	92.7%	16.5%
 All Other Aids to Individuals and Organizations	 <u>356,456,700</u>	 <u>7.3</u>	 <u>1.3</u>
TOTAL -- Aids to Individuals and Organizations	\$4,853,151,500	100.0%	17.8%
TOTAL STATE GPR BUDGET	\$27,192,972,000		100.0%

TABLE 12
2009-11 GENERAL FUND APPROPRIATIONS
TOP TEN PROGRAMS

	<u>Amount</u>	<u>% of Total</u>	<u>Cumulative % Total</u>
Elementary and Secondary School Aids	\$10,292,985,200	37.8%	37.8%
Medical Assistance	2,331,348,900	8.6	46.4
UW System	2,128,163,400	7.8	54.2
Correctional Operations	1,927,579,400	7.1	61.3
Shared Revenue Payments	1,749,802,000	6.4	67.7
School Levy/First Dollar Tax Credits	1,697,625,200	6.2	73.9
Appropriation Obligation Bonds	728,715,000	2.7	76.6
Community and Juvenile Correctional Services	503,577,700	1.9	78.5
Judicial and Legal Services	489,471,000	1.8	80.3
Milwaukee Parental Choice and Charter School Programs	<u>368,050,700</u>	<u>1.4</u>	81.7
Subtotal	\$22,217,318,500	81.7%	
 All Other Programs	 <u>4,975,653,500</u>	 <u>18.3</u>	 100.0%
 GRAND TOTAL	 \$27,192,972,000	 100.0%	

TABLE 13

2010-11 GENERAL FUND FULL-TIME EQUIVALENT POSITIONS BY AGENCY

<u>Agency</u>	<u>Number</u>	<u>% of Total</u>
Administration	91.46	0.26%
Agriculture, Trade and Consumer Protection	205.50	0.57
Arts Board	4.00	0.01
Board on Aging and Long-Term Care	15.53	0.04
Child Abuse and Neglect Prevention Board	1.00	< 0.01
Children and Families	218.03	0.61
Circuit Courts	527.00	1.47
Commerce	59.15	0.17
Corrections	9,679.57	27.07
Court of Appeals	75.50	0.21
District Attorneys	380.90	1.07
Educational Communications Board	37.44	0.10
Employment Relations Commission	21.00	0.06
Government Accountability Board	14.30	0.04
Governor	37.25	0.10
Health Services	2,229.72	6.23
Higher Educational Aids Board	10.50	0.03
Historical Society	106.15	0.30
Judicial Commission	2.00	0.01
Judicial Council	1.00	< 0.01
Justice	367.08	1.03
Legislature	758.17	2.12
Lieutenant Governor	4.00	0.01
Military Affairs	88.82	0.25
Natural Resources	300.69	0.84
Public Defender	575.85	1.61
Public Instruction	261.46	0.73
Revenue	892.73	2.50
Supreme Court	115.50	0.32
Tourism	30.45	0.09
University of Wisconsin System	18,483.93	51.69
Wisconsin Technical College System	30.25	0.08
Workforce Development	<u>135.73</u>	<u>0.38</u>
TOTAL	35,761.66	100.00%